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THE ROUND TABLE

A QUARTERLY REVIEW OF
THE POLITICS OF THE BRITISH EMPIRE

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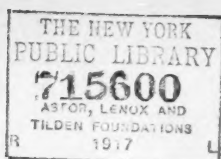
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THE PRINCIPLE OF PEACE

THIS war is a war for principle, and those who are in doubt about its justice or its necessity are chiefly those who are unable to discern the principle which underlies it, and in consequence naturally regard it as a dog-fight between nations, the outcome of no higher impulses than envy or ambition, or "because something angers them in each other's smell." The principle which is at stake is as clear as were the principles which were at stake in the American Civil War, or the Boer War, and they are as momentous. In the American case it was the national unity of the American people and the abolition of slavery which were at stake. In the Boer War it was the national unity of South Africa and its inclusion in or separation from the British commonwealth which were at stake. In this war it is whether Europe is to develop along the lines of the free commonwealth or under the lowering domination of an overweening militarist State.

It is perfectly true that had the human beings in all these cases been different war might have been avoided. But it could not have been avoided merely by refraining from war. It could have been avoided only by reaching by peaceable means a settlement on the same lines as the settlement actually reached by war. To have avoided war it would have been necessary to have abolished slavery within the American Union, to have united South Africa on a basis of equal racial rights within the British commonwealth, and to have secured national liberty in Europe under sanction of law, by peaceful agreement. Things had reached a pass in which they could not drift on as they were.

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In each case war came because a decision was necessary one way or the other, and, because neither side would compromise about their own ideals, the issue had to be wrought out in the ordeal of war.

If, therefore, we would come to sound judgments about the terms of settlement for which we are fighting, we must first see clearly the principles that are at stake.

I. THE PRINCIPLE OF THE COMMONWEALTH

A COMMONWEALTH is a society of human beings living in one territory united by a common obedience to laws the purpose of which is the enlargement of liberty. It is not an abstract personality, like the Prussian State, claiming unquestioning obedience from its citizens. Nor is it a voluntary association of people temporarily united by bonds of interest or contract. It is a community the members of which are individually dedicated to promote one another's liberty and welfare, in obedience to the principles of justice and truth which they embody in their laws.

It is, indeed, a misnomer to speak of the commonwealth at all. It is nearer the truth to speak of the people or the nations of the commonwealth, for it is the people who are the commonwealth, and what unites them is not loyalty to a government, but loyalty to one another and to the principles which inspire their constitution and their laws. The constitution of the commonwealth is based upon love for and trust in the individual; for the excellence of the community is taken to consist in the prosperity, happiness and good conduct of its members, and in nothing else. Accordingly the qualities which it seeks to develop in the citizen are not docility or obedience, but character—that is self-reliance, self-respect, a high sense of duty towards others, grasp of and fidelity to principle and right. Its institutions do this in two ways: first, by ensuring that liberty and opportunity without which the individual

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cannot freely follow truth and justice, and do the best work for others ; and, secondly, by throwing upon all those citizens who are sufficiently educated and sufficiently civilized to be able to subordinate their own interests and desires to the general welfare the responsibility for the laws by which they are governed. Liberty, indeed, is the life-blood of the commonwealth, because only in freedom can a man serve his neighbour as he should. But liberty is inseparably yoked with responsibility. Hence democracy, in the sense that public policy and the law which governs social relations should be determined by the free votes of all qualified citizens, who thereby become solely responsible for the conditions under which they live, is an invariable characteristic of the true commonwealth.

The purpose of the commonwealth, therefore, is the development of a society of free responsible men and women, bound together to create ever better and fuller conditions of life for all, in obedience to law. Absolute dedication to the service of one's fellow-citizens is the foundation upon which the commonwealth rests, and this is manifested in the primary obligation which rests upon every citizen of obeying the laws of the land, laws which are designed to protect the weak from the strong, and to ensure liberty and justice to all, and which may call upon the citizen to give his life and his substance in defence of the community or the principles for which it stands. This obedience, however, is exacted because the law and the Parliament which enacts the law are subject to the control of the responsible citizens themselves. In a commonwealth, indeed, the duty of the citizen is not confined to obeying the law. He has no less an obligation to take an active and vigilant part in improving and perfecting the law. Accordingly the institutions of the commonwealth, inasmuch as they give to every citizen an equal opportunity of framing and amending the law which regulates the social life of the community, admit no circumstances in which he is entitled to disobey the law. None the less the spirit of

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the commonwealth recognizes that while he has never the right, he may at times have the duty, of refusing to obey unjust law, after resort to every constitutional means of redressing wrong has failed. The events of 1648 and 1688 in England, and the disobedience to the fugitive slave laws of the U.S.A., are nearly as important episodes in the history of the growth of the true commonwealth as the long tradition of the supremacy of law. It may be, says Captain Mahan, "That the law, however regular in its enactment, and, therefore, unquestionable on the score of formal authority, either outrages fundamental political right or violates the moral dictates of the individual conscience." "Under such conditions the moral right of resistance is conceded—nay, is affirmed and emphasized."

Resistance to law, however, is the most momentous act a responsible citizen can take, for it breaks, or threatens to break, the bonds of common obligation which unite men in securing to one another liberty and justice. But the spirit which animates the commonwealth recognises that, provided its object is not the repudiation of the obligation which members of the commonwealth owe to one another, but the amendment of laws which stand in the way of the fulfilment of that obligation, disobedience until the laws are amended, may at times become a duty. The ultimate foundation of the commonwealth is not loyalty even to the law of the land, but fidelity to conscience—to justice, love, and truth.

In their external relations the people of a commonwealth are necessarily peaceful and humane. Because their institutions and their laws are primarily concerned with the welfare and the liberty of the individual, and with securing the best and fullest conditions of life for all, they set up no barrier between themselves and their fellow-men. While they have a prior and special obligation to their own members, and are primarily concerned with the development of their own institutions and civilisation, they recognise that, in essence, mankind is one community

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and that all the lesser communities into which it is at present subdivided, ought to co-operate in making the world a better place for all to live in. While, however, they have no desire to interfere with others, to impose upon them their own customs or ideas, or to rule over them, they cannot be totally indifferent to conditions outside. They cannot divest themselves altogether, in the spirit of Cain, of all responsibility for the welfare of the rest of mankind. Their external policy, therefore, tends to fall into two natural halves. First, to co-operate with other civilised peoples in defining the law which should govern the relations of States towards one another and prescribe their mutual rights and duties. Second, to uphold the treaties and declarations which secure the reign of law in the international sphere against those backward or selfish peoples who would upset them in their own interest. And this may mean the assumption, as trustees for civilisation, of the task of education and government among those races who have proved unable to resist for themselves the corrupting influences of civilisation, in order to restore those conditions of liberty and opportunity for the individual in which the people can learn to govern themselves. Thus the attitude of the people of a commonwealth to external affairs is a responsible solicitude that others should enjoy the same benefits of freedom and the rule of law as they themselves enjoy, and a resolute determination to protect and, if possible, improve the safeguards for liberty and justice which exist throughout the world.

The people of a commonwealth are internationally law abiding, but they are not pacifist. In their eyes war is an evil, but not the greatest of evils. It may be the only means left of averting the supreme evil of the destruction of liberty in human affairs. The way to get rid of war is not to attack war, which is often the price we have to pay in order to root out evils we have allowed to grow up in our midst, but to provide adequate safeguards for human rights and liberty so that intolerable wrongs

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removable only by war cannot arise. Hence the believer in the principles of the commonwealth looks to the creation of a true reign of law embracing the whole earth and governing the conduct of human communities towards one another as the true road of advance. When a majority of peoples have organised themselves as commonwealths, recognising the duty of obeying a law of nations which ensures justice and liberty to all, the occasion for war will disappear, and the unity of man through the merging of all the communities of the earth into one commonwealth, governed by one law, will not be long delayed.

II. PRUSSIANISM AND THE RACIAL STATE.

AS against these ideals, Prussia has set up another set of values. The root principle of Prussianism is worship of the "State-idea." The State is not the citizens. It is something above and beyond them. It is not even a paternal institution watching over the welfare of its people. It is rather the creator of the nation, for it is only in being organised into his proper niche in the vast mechanism of the State that the individual acquires his highest character and development. The State is thus an abstract personality possessed of "divine right," whose authority it is impious to question. And the primary function of the citizen is to serve the State to which he belongs, and to obey its commands, with absolute and unquestioning obedience, whatever they may be.

The State is thus elevated above the people. And for the policy of the State the citizen has no responsibility. Nor has he any responsibility for his own conduct under its instructions. His whole duty is to obey without questioning "State authority." In practice, therefore, the first object of the Government of every Prussian State is to maintain its own authority in the eyes of its citizens. It does so partly by inculcating political "ortho-

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doxy" by every means which the Government can employ, the schools, the universities, the army, the pulpit, and the press, and so capturing the mind of the people, and partly by overwhelming incipient disobedience by the ruthless and unyielding use of physical violence. The crime of *lèse majesté*, or disrespect for the "sovereignty" of the State is the unpardonable crime, instantly and irresistibly punished, as at Zabern. Thus the Prussian State is based upon disbelief in and distrust of the individual. Its stability and its laws depend not upon the grasp of truth and justice by the individual, but upon a blind respect for the authority of others, or upon fear of the consequences of disobedience. As Prince Bülow states in his *Imperial Germany*, "the Prussian State consists of soldiers and officials." It is, therefore, necessarily autocratic, for the control of public policy by the people would not only shatter the illusion that the State was anything but the people themselves, but it would break the spell upon which its authority depends, by forcing them to come to responsible decisions as to what their laws and public policy should be, instead of meekly obeying the orders of others. However carefully the fact may be concealed behind the appearance of democratic control, the essence of the Prussian State is the fact of absolute power. In this lies one half of the tragedy of Prussian Kultur. It teaches that the State is something above the people, which it is noble and patriotic to serve with unquestioning devotion. But in truth the State of this conception has no reality. In serving the State the people are in reality serving those who, by accident or heredity, hold supreme office, and who can, in consequence, within certain limits use them for ends of their own choosing.

Prussianism, therefore, strikes at all that distinguishes man from the best. It treats humanity as a pack of animals to be cajoled or driven. It denies that they are ends in themselves. It refuses them responsibility. It refuses them in consequence liberty. It treats them simply as the

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material out of which the State itself is built. It therefore results in the atrophy of conscience, the guardian of the moral law and the avenue of spiritual truth. And the State to which the individual is thus enslaved is then set up as the supreme arbiter of right and truth. Its interests override alike morality, humanity, and honour. Before its prerogatives even the Sovereign must bow. "We Kings of Prussia," said Frederick the Great, "sacrifice to the State not only our life, but also our honour." And every believer in Prussianism is called upon to do the same, to sacrifice not only his life and his possessions, but his virtue, his humanity, his conscience, in the service of the great Leviathan, the "cold monster" of Nietzsche, the new Juggernaut, the Prussian State.*

With Prussianism is associated another doctrine, the modern racial nationalism. Nationalism in the form

* NOTE.—The following is taken from an essay on "German Liberty," by Houston Stewart Chamberlain. It shows perfectly the gulf between the Western concept of Liberty and the German. No German is "born free." He acquires "liberty" by embracing with fanaticism or performing with fatalism "what he is ordered to do" by the rulers of the State. "Liberty as we know since Kant is an idea; no man is born free; liberty must be acquired by each individual. Its accessories are an education and strengthening of the mind, a methodical uplifting above all with which it was originally endued, until that liberation is attained which alone deserves the name of liberty.

"Does not the irresistible superiority of the German soldier lie in his moral qualities particularly? And what does this mean but that he acts of his own free will. He alone wishes what he is ordered to do, wishes it with his whole heart. . . . And is it not their education which raises the German middle class above that of all other nations? the education which is enforced upon them by the nation with relentless severity, and thanks to which the individual becomes a person capable of free judgment. . . . This German freedom is an absolutely original product. Humanity has, up to the present, known nothing which resembles it. . . . Characteristic of German liberty is the conscious assertion of the whole. All individual parts of the Empire preserve their independence and submit to be subjected to the whole. Thus, too, every man submits from infancy for the good of the whole."

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preached by Mazzini is a noble gospel. "Nationality is sacred to me," he said, "because I see in it the instrument of labour for the good and progress of all men." But this selfless and public spirited nationalism, which still is one of the vital springs of liberty, is very different from the self-regarding racialism which, under the name of nationalism, dominates Eastern Europe to-day, and which sees good only in the dominance of one race over its fellows, and in the forcible suppression of their language and their religion and their racial identity. This worship of race leads to exactly the same evils as the worship of the State. It sets the selfish interests of race above justice and honour and morality, and above the rights and lawful interests of all other human beings. Where racialism and the Prussian doctrine of the State are combined it produces a fanatical obedience and a unity and self-sacrifice in carrying out what "it is ordered" to do in the service of the racial State, which recalls the ferocity and heroism of the wars of religion.

In its external policy the Prussian State is necessarily militarist and ruthless. The State is an end in itself. It is utterly self-centred. It is above morality. Its interests are supreme, and to them not only must its own subjects sacrifice themselves, but its neighbours must be sacrificed also. This conception sets up a barrier between the members of one State and another. Their common humanity is hidden in the fact that they are seeking to promote the ends of institutions which, by their nature, are rivals. The world, therefore, instead of being conceived as a single family of human beings, all of the same blood and nature, but grouped into communities, united in friendly co-operation under the reign of law, is regarded as a number of States, whose interests are always competitive, and at times inevitably in violent conflict.

In this competition it is military strength and the ruthless use of it, in diplomacy and war, which counts. It is courage and will, not justice or truth, which help. The test of

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greatness of the State therefore is the power to impose its will upon its neighbours, when their interests conflict. States having no duties towards one another cannot co-operate. As Treitschke puts it :—

“The constitution of international and permanent courts of arbitration is incompatible with the very nature of the State. Only in a question of secondary or tertiary importance would it be possible to obey the ruling of such a court. For vital questions there exists no impartial foreign Power, and to the end of history arms will give the final decision. Herein lies the sacredness of war.”

War is necessarily familiar to the Prussian State. War is but a continuation of policy, the inexorable outcome of the necessity which the State is under to make its way among a crowd of rivals. By the law of its own being it cannot trust to reason and justice and goodwill to settle international problems. It does not trust anything but obedience to authority backed by irresistible force to keep its own citizens in order. It trusts to nothing but military predominance to secure its rights or to give peace and order in the outside world. The only way out of this inferno is for one State to establish a permanent predominance over all its neighbours. Then there will be peace, for there will be no more possibility of organised resistance to the will of the rulers of the ruling State. When Prussia therefore says that she is fighting for peace, she is speaking the truth. She is fighting for the only kind of peace which she understands, the peace which follows universal submission to the commands of authority, the universal destruction of liberty among men.

This doctrine is the central feature of Prussian Kultur, and is preached by its adherents as the conquering gospel of the twentieth century. The crowning achievement of mankind, so they say, the creation of the German people under the direction of the Prussian genius, is the development of the super State, of an organism irresistible by virtue of its physical strength, and the devotion of its subjects to itself, which will eventually give peace and

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good government to all the peoples of the earth. When it appears manhood will at last be properly "organized." It will give to all material prosperity, a uniform culture, and the accoutrements of modern civilization, punctual railways, good roads, education in the arts and sciences, theatres and opera-houses, and within it every individual will have his own sphere of useful work carefully mapped out for him by the State, with suitable emoluments attached. But the principle of its life will be not responsibility, but compliance, not liberty, but obedience under pain of terrific penalties, to the commands of those who inherit or are able to seize control of the governmental machine. In the ancient days it was said of certain Roman conquerors, "*Solitudinem faciunt, pacem appellant.*" The Prussian philosophy is the same. Its ultimate goal is the establishment of an Empire over the minds and bodies of all men. "After bloody victories the world will be healed by being Germanised." Then and then only will the world have unity and peace, for all mankind will be organized in one vast Empire, an Empire, however, which could not last, for, like all the great despotisms which have preceded it, it would decay into death through the atrophy of liberty and conscience among those of whom it was composed. Prussianism, in truth, is nothing but the secular figure of tyranny in a new guise. It differs in no essentials from all the great tyrannies of history. The essence of tyranny is the control of conscience. The essence of slavery is the surrender of conscience. And slavery is slavery whether it be voluntary or imposed, whether it be accompanied by the sufferings and the resigned endurance of the plantations and the galleys or the panoply and heroism of war.

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III. THE DRIFT TO WAR

THESE ideals, those of the free commonwealth on the one side, those of the self-regarding nationalist State on the other, are the ideals which lie at the bottom of the conflict now raging in Europe. This is not to say that the combatants can be neatly divided into the sheep on the one side and the goats on the other. It is obvious that there are many on the German side who are devoted to liberty, and who repudiate the evil gospel which reigns in high places in Berlin. It is equally obvious that no people in the world can be said to have lived up to, or nearly up to, the ideals of the commonwealth, either in its internal or its external policy.

None the less, no dispassionate mind can doubt that the Prussian allies are fighting for the extension of the principle of despotism, and that the Allies of the Entente are fighting the battle of liberty. If Germany were to win, national liberty in Europe would be at an end. If the Allies win it will be secure.

On the other hand, the war has come about largely because the Western democracies have not lived up to their own ideals. They have not seriously attempted to apply their own principle of the reign of law in international affairs, and so have made possible the attack which the Prussians are now delivering upon the liberty of Europe. If they are to win a real victory for the commonwealth, they must not only defeat the German onset, but they must go on to establish on a permanent foundation that international "partnership based upon the recognition of equal rights" of which Mr. Asquith spoke at the beginning of the war as the goal of the Allies.

But if we are to understand properly the principle which must underlie the settlement, and still more the reconstruction, after peace is restored, we must examine

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in some detail how the conflict began and the mistakes and false ideas on both sides which brought it about.

Prussia itself is an almost perfect outgrowth of the Prussian theory of the State. For more than a century and a half its people have been an army rather than a nation, united in absolute and unswerving loyalty to the interests of the State, and in implicit obedience to their rulers' commands. This national army Bismarck used to impose unity on the discordant German States, but instead of basing the new Empire on popular foundations, he based it upon the authority of the State and its hereditary rulers and the irresistible physical force which they controlled. The Reichstag, with its system of manhood suffrage, was called into being, to give an appearance of democratic control. But, in fact, Germany was a union of Kings and Princes under the domination of Prussia and the Hohenzollerns. The whole power was centred in the Bundesrath—the Council of the hereditary rulers, and in the Kaiser and his advisers, who controlled with absolute authority the federal administration, diplomacy, and the mechanism of war. Germany is the most absolute autocracy that the world has ever seen, for never has the control of the autocrats over the minds and over the bodies of their subjects been so complete.

Bismarck's external policy was based upon the same principle. During the first half of the century the idea of the Concert had dominated European politics. Europe was regarded as a combination of nations united in recognising a common obligation to respect the public law of Europe as established by treaty in 1815. At first an attempt was made to create a shadowy Government for Europe in the meetings of the five chief Powers. But this idea broke down in 1823, because the reactionary powers of the Holy Alliance had endeavoured to use it to repress democracy in favour of absolutism, and Great Britain refused to be a party to these proceedings. From that time the settlement of Vienna, with subsequent modifications agreed

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upon later, notably the separation of Holland and Belgium, and the neutralisation of the latter, remained the basis of the European political system. Europe, in fact, had something approaching a system of public law, and peace and the security of its States was recognised to depend upon a general determination to insist on respect for the law. As Palmerston wrote during the Belgian crisis of 1830, "We can have no security for Europe but by standing upon a strict observance of treaties and an abnegation of all interested views of aggrandisement."

This system was weakened by Napoleon III, and Bismarck threw it to the winds. Just as Prussia, under his influence, had withdrawn from the Germanic Confederation, and, developing its armaments to the point at which they were irresistible, had imposed its own policy upon Germany, so Bismarck practically withdrew from the Concert of Europe. He made no attempt to have the new order created by the events of 1864, 1866, and 1870 regularised and incorporated in the European treaty system, and based the future of the new German Empire upon its ability to defend what it had taken, and to impose its own terms whenever European controversies arose. After 1882, when the Triple Alliance was completed, the foundation of the European polity, if it deserved this name at all, was no longer respect for a system of public law embodied in treaties, which all the great peoples were pledged to uphold, but the fear which the Powers, or combinations of them—of which the Triple Alliance itself was the greatest and most important—could inspire in one another. Thus Bismarck imposed the Prussian conception of the nature and the function of the State not only on Germany, but on Europe, and the peoples of Europe instead of being united by common treaty obligations to one another, became divided into a congeries of suspicious nationalist States, each regarding its own interests as supreme. The idea of a Concert for

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the maintenance of public right was replaced by that of the armed peace.

So long, however, as Bismarck was in office Europe was at peace, for the main object of his policy was the maintenance of the *status quo* so as to enable the new empire to recuperate and consolidate. But this state of affairs could not last indefinitely. It was inevitable that the new State, dominated by the utterly selfish nationalist creed of Prussia, should, sooner or later, find its interests and ambitions inconsistent with those of its neighbours. It was equally inevitable that, when this did happen, Prussianised Germany would attempt to adjust its differences with its neighbours, not by negotiation or justice or law, but would, in accordance with its own principles, endeavour to obtain what it regarded as its vital national interests by force.

This, indeed, is exactly what happened. The new Kaiser was the very incarnation of the Prussian spirit, and the "new course" which he inaugurated had for its main object the building up of a Germany which was greater, richer and more powerful than its neighbours. Power in Europe Germany already had. World power was now to be the goal. And the instrument was to be the instrument wherewith all the Prussian triumphs had been won in the past—armaments. Hence the Navy campaigns of the nineties, and the vast programme of naval shipbuilding inaugurated in the Navy Bills of 1898 and 1900. But this self-centred nationalism was not confined to armaments and diplomacy, it penetrated into every department of national life. Every German was taught to live and work and think for the sake of the triumph of "Deutschtum" alone. It even captured that new industrial and financial Germany born after the tariff of 1879, which the Kaiser took under his special patronage. Industry, no less than arms, was to be yoked to the service of the State idea. The docility of the German made possible the rapid organisation of industry, and with State assistance and under State supervision, the immense economic resources of the Empire thus

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organised were largely used for purposes of war upon the trade and industry of its neighbours. The notion that commerce is an interchange to the mutual benefit of both parties was overthrown in Germany, not by the crude desire to monopolise the whole profit in a business transaction, but by the patriotic motive of breaking down the industries of rival States, and so increasing German power and prestige. Competition was eliminated by agreement at home, in order that it might be pursued all the more ruthlessly, and with Government assistance, abroad. Thus grew up the alliance between the militarist Prussian agrarians and the industrial magnates. The alliance began in common interests established by the tariff. But, as the strain of keeping up German trade, under the artificial conditions of long credits, cut-throat prices, and Government subsidies, in foreign markets increased, it ended in a common belief that a successful war would pay, for it would enable a victorious Germany to seize for itself areas whence food and raw materials came, and compel foreign countries to accord preferential terms to German producers, and so to become not only the political but the economic centre of the world.

This national egotism, and more particularly the expansion of the German navy, naturally caused alarm among the neighbours of Germany, and finally ended in the gradual drawing together of Britain, France and Russia, in self-defence. The formation of the "Entente" was regarded in Germany as an unfriendly "ringing in," as a deliberate and jealous attempt to strangle a growing Power. It was inevitable that a Prussianised people should take this view. Wholly preoccupied with the advancement of their own race and State, they saw nothing unnatural in the idea that every State had to make its way by annexing or dominating other peoples, and therefore had a "right" to "expansion" and colonies, in accordance with its growth, and to "compensation" whenever another State increased its size. And just in proportion as the Prussian political philosophy had

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spread, other peoples thought it natural too, and were inclined to agree with Germany that resistance to the demands of a State which was militarily stronger was somehow an immoral interference with natural growth. This "biological" view, which leads to the inevitable conclusion that the world must for ever be in a ferment because growing States will be always grabbing people or territory from declining States, not in the interests of the people themselves or of humanity, but in order that they and their resources may be organised into more military strength with which the victorious State will make fresh war upon its neighbours, is wholly at variance with the principles of the commonwealth. Directly one transfers one's eyes from the "State" to the people and thinks of the world not as being made up of a number of States labelled Germany, France, Russia, Great Britain, America and so forth, but of a great family of human beings, this devastating illusion falls to the ground. The world indeed is not composed of States, but of peoples, and its problem is not how States are to adjust their differences, but how every individual is to be given the liberty and opportunity in which to make the best of himself and do the best for his neighbour. But these views, that the purpose of public policy is not the aggrandisement of the State, but the welfare of the people; that every nation has the right to develop its own culture and ideas in freedom so long as it respects the rights of others; that colonies are new nations in the making, free to help the parent State only if they approve of its cause; that dependencies are not so much human material to be exploited for the military and economic ends of the parent State, but backward human beings gradually being nurtured in the principles of self-government; that the true object of these communities is not competition or dominion, but friendly co-operation so that every member of the great human family may have equal rights and equal opportunities; that truth and justice, not force, ought to give the law to the

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world—these views, not very consciously held even in Anglo-Saxon communities, never penetrated into the Prussian mind at all.

Hence, when the rulers of Germany found that the expansion of their naval armaments and their restless policy had resulted in a gradual drawing together of those neighbours whom it had previously been their policy to keep apart, they resorted to the only method which Prussia understands, the piling up of more military force. The method of conference they rejected. They knew that no conference summoned to decide international problems on the basis of establishing law just to all could give them that expansion or predominance which their rulers desired. Conference, too, was inconsistent with their whole idea of international relations, and their failure at the Algeciras Conference to get what they demanded confirmed them in that view. From that time, and notably at the Bosnian crisis provoked by the tearing up of the Treaty of Berlin, they steadfastly refused to confer with their neighbours on European questions in which they themselves were vitally concerned. Limitation of armaments they also rejected, for it deprived them of the one method of getting their way to which they really trusted. Every British overture in this direction was, in fact, followed by an expansion of German armaments. Finally, they made continual resort to the trump card of Prussian diplomacy, the threat of war. The key to the diplomatic history of the last ten years is to be found not in the actual negotiations about Morocco or Bosnia, but in the ultimatums of 1905, 1909, 1911, and 1914. All these proceedings are not the pursuit of deliberate wickedness. They are the inexorable outcome of a false political philosophy which is wholly devoted to the interests of the racial State and which regards force as the ruling principle in human affairs.

None the less, had this been all, war might have been avoided in 1914. It was the needs of Austria-Hungary which precipitated the contest. The basis of Bismarck's

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alliance with Austria-Hungary had been analogous to his arrangements with the German Kings and Princes. It was an alliance between the autocrats of Germany and the autocrats of Austria-Hungary for the maintenance of their own arbitrary power. But of late years the peoples of South-Eastern Europe have been rapidly developing, and have become increasingly conscious of their own need for liberty and unity. This movement clearly threatened the arbitrary dominion of their rulers, and was consistently repressed. The gradual liberation, however, of the Balkan peoples from Turkish rule, and still more the dramatic successes of the war of liberation of 1912 precipitated a crisis. It was obvious that the nationalist movement must spread to Austria-Hungary itself unless something decisive was done. The Serbo-Croats were not only demanding freedom from Magyar oppression and autonomy within the Habsburg monarchy, long denied to them, but, by reason of the ill-treatment they had received were being strongly drawn towards union with their Serb brethren outside it. It was the same, though in less urgent degree, with all the other racial elements—the Roumanians, the Poles the Ruthenes, and so on. And behind it all was Russia committed to the principle of preventing the further extension of the Germano-Magyar control over the Slav world, and friendly to the idea of liberation.

Whether a peaceful way out could have been found on the basis of autonomy within the Habsburg monarchy had the Archduke Franz Ferdinand lived, it is useless to speculate. The actual outcome was that the autocratic elements in the two States determined, in inevitable accord with their own Prussian principles, that there was only one satisfactory way out, to prove in diplomacy or war that the rulers of the Central Empires were masters from the North Sea to the Bosphorus, and that it was useless to resist their will. To their minds things could not go on as they were. They were faced with a gradual disintegration of their autocratic power through revolt against the

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terrible burden of armaments which their policy had imposed upon their own people and through the growth of nationalism in Austria-Hungary. At the moment, too, they were in an exceptionally favourable position. They controlled the foreign policy and the armies, not only of Germans and Magyars but of more than 30,000,000 of other races as well. Under a system which combined conscription with autocracy they could utilise the immense strength of two empires, containing together 120,000,000 human beings, for purposes of war. Moreover, everything pointed to success. They were far better prepared than their neighbours. There was a good chance that England would stay out, even if war followed, until it was too late to retrieve the position. Hence the policy of July-August, 1914. The ultimatum to Serbia was to give them either the final mastery of the Balkans by a successful "gesture" of the mailed fist, or it was to leave them masters of Europe and of many colonies through a successful war. The Serbian ultimatum brought things to a head and forced all Europe to come to a decision.

IV. THE ESSENTIAL CONDITION OF PEACE

IT needs no argument to show why the Allies refused to give way, and chose war rather than acquiesce in the Germano-Magyar ultimatum. Europe must be slave or free. Its peoples must be at liberty to pursue their own policies so long as they respect one another's rights, or they must take their orders from one paramount Power. It was the policy of Berlin to solve the European problem, with its intolerable strain of armaments, along the latter line. It was the decision of the Allies to resist this solution to the death, and until this, the first fundamental principle at stake in this war, is settled, there can be no peace. There is no half-way house between the two positions. It is impossible, as some think, to make peace between peoples

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committed to these opposite ideals. There will be no peace until the question whether Europe is to progress in freedom or is to be compelled to comply with the German will through fear of the consequences of refusal is settled finally one way or the other.

It is perfectly obvious from the speech of Herr von Bethmann-Hollweg, delivered in the Reichstag on April 6th last, that Germany has not abandoned her ideal. The Chancellor said that the German aim in the war is "a Germany so strongly united and so strongly protected that no one will ever again be tempted to try to destroy us, and that the whole wide world will be compelled to acknowledge our right to the free development of our peaceful energies. We do not strive for the destruction of other nations. What we are striving for is the lasting salvation of the European continent, whose foundations to-day have been shaken." "If those powers (Russia, France and Great Britain) had not united against us, and had not attempted to put the clock back to ancient times, the peace of Europe would have been gradually established by the sheer force of quiet development. To attain this was the aim of German policy before the war. We could have got what we wanted by peaceful work. Our enemies chose war."

The actual arrangement which the Chancellor proposes in order to secure these aims is one which would create the *Mittel Europa* of which all Germany has been talking. Even if the full independence of Belgium were restored—though that is not what the Chancellor offers—Germany would be left with her own boundaries far extended to the East, and dominant over the whole area between the Dvina and the Franco-Belgium frontier, and between the North Sea and the Persian Gulf. *Mittel Europa* would consist of an alliance between the autocrats of an enlarged Germany, the Magyars of Hungary, the despot of Bulgaria, and the Young Turks. The basis of this alliance would be such diplomatic and military and economic engagements as would enable these privileged classes to retain their own

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power, and to resist democratic advance by promising a further extension of dominion over others at some later date. All the 150,000,000 people living in this area would then be organised on Prussian lines. They would be riveted into place by means of conscription, the police would watch for sedition, the schools, the universities, and the Press Bureau would control public opinion. Their economic resources would be exploited and controlled by a few great magnates in close touch with the rulers of the State, and the whole vast area would be organised on militarist lines, under the control of a few arbitrary wills, for purposes of war. Prussia and her autocratic allies could not fail to do this. The alliance of the ruling classes against the people, who were then "organised" into obedience by being converted into an army, was the method by which Bismarck created Prussia-Germany. His successors are driven by their own principles into applying exactly the same method to Mittel Europa.

The German Chancellor is not a subtle deceiver, and when he says that what Germany wants is peace and the freedom to develop its peaceful energies, he is perfectly sincere. The trouble arises from the fact that he believes, as all Prussians believe, that Germany can attain this end only by being able in the last resort to force her neighbours to comply with her will. Equality is as abhorrent to Prussian political philosophy as is a vacuum to Nature. Germany will be free only when no other nation is free. This military predominance was what she sought to establish in 1914, and having failed in her first attempt, she is now endeavouring to secure a peace which, once the organisation of the military and economic resources of Mittel Europa has been completed under her general direction and control, will still win for her "freedom," by leaving her so strong that none of her neighbours will dare to resist her will when she threatens war. Then will she be able to give Europe that peace and "salvation" of which the Chancellor speaks. In German eyes it would have been far better for the world if France

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and Russia had continued to give way to threats of war as in 1905 and 1909, if the Entente had only allowed the Germans and the Magyars to obtain control of the Balkans under threat of war, and without conference, in 1914. For after a few more such retreats, they would have learnt, as the German people have learnt, that it was always better to give way when the Government of Berlin rattles the sword, and the peace of Europe would have become an accomplished fact—the peace of death. That is why, in their colossal ignorance of all that freedom means to those who have once enjoyed it, the Germans say that “our enemies chose war.”

There is obviously no peace in sight so long as Germany abides by the Chancellor's Mittel Europa terms. They would only render inevitable at some later date a renewal of that intolerable dictation under threat of war, which, after succeeding in 1905 and 1909, and failing in 1911, precipitated war in 1914. They would mean that Europe would either have to submit to Germanic dictation and lose its freedom, or maintain armaments even greater than those which existed in July, 1914, in order to resist it. They would mean the triumph of the Prussian theory of international relations as against that of the Commonwealth. The essential condition of peace, therefore, is that Germany should be forced to accept such a position that she will no longer be able to dream of dictating successfully to Europe, and so will have no option but to accept that status of equality with her neighbours which will make possible that international system based upon equal rights for all civilised States of which Mr. Asquith spoke in his reply. This does not mean the dismemberment of Germany, or the alteration of her system of government by force. It means, in essence, the liberation of the non-German peoples from the political and military control of Berlin. The rulers of Germany and their Magyar associates would never have started on their attempt on the liberties of Europe unless they had believed that they had a good chance of success, and they would

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have had no chance of success unless they had had absolute control over the armies and resources of more than 30,000,000 non-German and non-Magyar peoples. The foundation of the Prussian attempt at domination, and the greatest tragedy of the war, is to be found in those 30,000,000 people with their manhood "organised" into conscripts, and marched to death to rivet the Prussian yoke on others, and yet more firmly on themselves. The *sine qua non*, therefore, of the Allied terms of peace is not only the defeat of the Mittel Europa plan, which would bring not 30,000,000 non-German people, but double that number, under German military and diplomatic control, but the freeing also of those peoples who were in fact, if not in name, in bondage to Berlin, before the war. How that is to be brought about we need not attempt to prophesy. Nor need we discuss what the exact territorial settlement should be. The details are immensely complicated. Racialism, rather than the full spirit of liberty, unfortunately still reigns in these parts, and is the ally on which Prussia itself has relied for support. Racial toleration in these parts is no less necessary to lasting peace than is the overthrow of militarism in Germany itself. But the essence of the thing is that these races should not be under the control of Germany, but should settle their own future for themselves.

V. THE PRINCIPLE OF RECONSTRUCTION

BUT this is only half the battle. There is another and in some ways a more difficult task to be achieved, for it is a task which involves a change in the point of view of the Western nations as well as of the Central Powers.

In an earlier part of this article it was said that Bismarck had finally destroyed the conception of a European polity governed by law which had obtained from 1815, and had imposed upon Europe a Prussian system based upon the

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groupings of military force. This could never have happened if the other nations had not also, in greater or less degree, become dominated by selfish nationalism, and so had lost sight of the paramount importance of the reign of law in the international sphere. Thus, if Prussia-Germany has been the arch-culprit, all the other nations must share in the blame.

The consequences of the failure to maintain the reign of law in the international sphere are obvious. The world is divided into a number of separate States, each mainly concerned with its own interests. Some may be aggressive and self-seeking and ruthless. Others may be passive, or tolerant, or respectful of their own promises and of the liberties of others. But one and all regard themselves as the sole judges of their conduct and their obligations. They recognise no law as binding them. They are a law unto themselves. International law, so-called, is, therefore, no protection for national rights and liberties, and States, like individuals living beyond the reach of the law, have to depend for their security upon themselves, and that means, in practice, upon their own armaments. A pacific or a "satiated" State maintains just enough strength to ensure that its independence cannot be overthrown by any known or presumed rival or enemy. An ambitious or aggrieved State aims at maintaining enough military strength to enable it, in the last resort, to take what it wants, or regards itself as entitled to, by force. And so, directly there is an ambitious or an aggrieved State in the world, the competition of armaments sets in. The restless State begins to create armaments. Its neighbours follow suit. The first then goes a stage farther in the hope of outlasting its rivals in resolution. They inevitably respond, and there is no logical stopping place short of the organisation of the whole resources of the nation, human and material, for purposes of war. Moreover, in order to lessen the burden they severally have to bear, and to increase the likelihood

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of achieving their purpose, whether it be security or aggression, they are driven to forming military alliances with other States whose interests broadly coincide with their own. But this merely aggravates the situation. The total of the available forces of the one group are weighed against the available forces of the other, and as one increases the other follows suit, until the limit of expansion is reached once more. Finally, by an inevitable process, the world, or some unrestful area of it, becomes divided into two vast camps, each armed to the teeth, each ready for instant war. It is then only a question of time for that side which believes it is stronger than the other to attempt to put an end to the intolerable strain, by smashing the resistance of the other side to the ground and establishing its permanent military preponderance by war. And the war which then takes place is not a war for a limited purpose. The war begun by the stronger side has for its object the extermination of liberty, for only by destroying all foci of resistance can permanent peace be assured.

This situation has arisen time and time again since the wars of religion destroyed the unity of Christendom. And if the Allies do no more than defeat Prussia in this war it will inevitably arise again. What, then, is the alternative? There is only one alternative, and that is the alternative imperfectly acted upon in Europe from 1815 till the rise of Bismarck: the creation of a body of international law which is recognised to be superior to State rights, and which all the civilised states will bind themselves not only to obey but to enforce. The situation in the international sphere is almost analogous to that which existed in a new community like that of the Western States of America in the early days. There also each individual was a law unto himself. He was the judge of his own rights and duties, and had to depend for his safety and his rights upon his own private armaments and his known decision in using them. This state of affairs not only led to constant private wars, but made impossible

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any ordered social progress and co-operation. It was only ended when the community established the reign of civilised law, defining the rights and duties of individuals, and provided in the shape of law-courts and policemen safeguards whereby the liberty and justice secured under the law could be enforced as against the selfish or the strong. It is exactly the same in the international sphere. So long as States behave like independent sovereign individuals, from time to time they will massacre one another in defence of what they believe to be their rights. And they will not cease from doing this until, like the aforementioned individuals, they agree to draw up laws which secure justice for all, to obey these laws themselves, and to compel the would-be breaker to respect them.

At first sight it would seem that no reign of law is possible in the world until the nations of the earth are willing to combine into a World-State. It is true that there will be no proper reign of law so long as the allegiance of the citizen is owed to the laws of his own State rather than to a law governing all mankind, because law is not really effective until it is enforceable, not against a community by war, but against the individual, by the policeman, and until everybody owes allegiance to the same commonwealth. The World-State is a long way off, for unless the world is to be unified by force under an autocrat, as the Prussians have set out to do, it must wait until democracy and civilisation have so spread that it will be possible to form a Parliament for man whose acts the most civilised will be willing to respect and obey. But, pending that far-off day, it is still possible to make substantial progress. For the essential thing is not the creation of a World-Parliament or a World-Government, but obedience to clearly defined principles of justice which should govern the conduct of States to one another, and the establishment of such principles can be begun by co-operative means. If all the civilised nations were willing to define the elementary rights of nations, to embody them in a series of treaties,

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to meet from time to time to amend them to suit changing conditions, and to bind themselves not only to respect the law as established by treaty themselves, but to use their whole strength against any people which forcibly infringed it without first submitting its case to the review of the International Conference itself, the root of Armageddon would have been destroyed and the foundations of a new world would have been laid.

It is not possible in this article to discuss the details of a law of nations. But it is quite obvious that, if it is to be effective in securing liberty and justice for all, it must be very different from the so-called international law which has existed up to the present. Hitherto international law has dealt only with those subjects which nations were not prepared to go to war about: it has been concerned with personal rights, courtesy, extradition, rights and duties of belligerents and neutrals in time of war, and so forth, but, like arbitration treaties, it has ignored fundamentals, the vital interests and honour of the State, which are the causes and the subject matter of war. Thus The Hague Conference of 1898, summoned to consider the question of a limitation of armaments, was expressly debarred from discussing "political questions"—that is, those very matters which armaments were created to protect or secure. And the second peace conference, at the instance of Germany, was forbidden to discuss the problem of armaments at all. If international law is to have any reality it must be concerned with subjects like national liberty, "expansion," the right to trade, freedom of transit by land and sea, and all those matters which have proved to be the occasions of war. And the term international law must be confined to those acts which the signatories are pledged to enforce by every means within their power. Half the trouble in the past has arisen from the fact that international law has been no more than a set of pious declarations which no Power was committed to enforce.

It is also clear that a true law of nations would have to

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be based upon commonwealth principles. The very idea of law is a repudiation of the Prussian philosophy of international competition. Law cannot provide for the rise and fall of States, or for their "expansion" at the expense of others. It must aim at securing justice and liberty and equal opportunities for all the peoples of the earth. For instance, it would have to protect the liberty of every civilised State by defining national boundaries under international guarantee ; to protect the right to trade by treaties securing equality of opportunity for fair trading in all countries, subject to the right of every community to protect its own industries ; to protect the freedom of the seas by formulating the principles upon which Great Britain has used her sea power in time of peace, for two centuries, and for which America is standing to-day. It would have to adjust the right of immigration with the right of every community to determine who should be allowed to acquire permanent domicile within its territory. There are many other matters with which it would also have to deal, notably the government of backward peoples.

The law of nations would also aim at abolishing war altogether. Law, indeed, is the negation of war. The primary purpose of law is to put an end to war, by enabling disputes or conflicts of interest to be resolved by justice and reason instead of by force. In laying down principles of justice governing international conduct, and providing the means whereby the law applicable to new conditions could be worked out in concert on principles of reason and equity, instead of in accordance with the will of the stronger side, it would cut at the root of war. It could never, for instance, accept the German doctrine of the freedom of the seas, which, assuming warfare between States to be eternally inevitable, aims at making warfare on land more easy, by limiting the ability of sea power to interfere with it or prevent it. The freedom of the seas can only be secured under international treaty at the same time as freedom on the land is secured by the same means. The freedom of the

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seas and freedom on the land are inseparably connected with one another. A law of nations would also solve the vexed question of belligerent versus neutral rights. If a nation did then attempt to break the law, all States would be bound to assist in bringing the delinquent to book. There would be no neutral rights. All would have to act as policemen. Finally armaments would be maintained, not primarily, as at present, for purposes of aggression or even of mere self-defence, but so that the sanction behind the treaties which were the security for the rights and liberty of all nations was such that no Power, however restless or ambitious, had any chance of overthrowing them by force of arms.

It is no use to expect too much at the end of this war. But there is the whole difference in the world between aiming at the creation of an international system based upon the principle of law—law which is recognised to limit the sovereign independence of all States—and acquiescing in a return to an international system which is based upon the balance of forces. The one leads on to an ever closer association between the great nations, and the ever increasing application of justice to human affairs. The other leads back inexorably to Armageddon. Moreover, it is well to remember that if the Allies win they will automatically lay the foundations for the reign of international law. For, as in 1815, the terms of peace would include a territorial settlement of Europe, which, so long as it was respected, would be a guarantee for national freedom, and which all signatories would be bound to respect and uphold. And once national liberty is secured by treaty, it should not be difficult to deal with certain other international rights in the same way.

The creation, therefore, of a treaty system guaranteed by all the chief civilised Powers, and establishing that "international system which will secure the principle of equal rights for all civilised States" of which Mr. Asquith spoke a few weeks ago, is the second and the greater half of the settlement at which we must aim at the end of the war. It

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is an end in itself. It is also the best security against any new attempt by Germany, or any other Power, to upset the settlement or to attack the liberties of their neighbours. Prussian militarism in the full sense of the word can only be destroyed by the people themselves. It rests upon the worship of the State and of racial ascendancy, and the docility and failure of character, which makes the vast majority of Germans so "organisable," so invariably compliant with the commands of authority whatever they may be. These characteristics cannot be changed by the sword. They must follow a change of mind and of heart, and the birth of moral courage in the people, which will hearten them to overthrow the absolutism of their rulers and take charge of the conduct of their own affairs. But the foundations on which they rest will be destroyed when all hope of achieving their purpose has disappeared. With the promises of Kultur and of the ruling caste wholly unfulfilled, with only some millions of killed and maimed, a mountainous debt, and the execration of the civilised world, to show for their attempt at world dominion, with no chance of repeating the attempt, because the peoples they have repressed and used are free, yet with their own national liberty not only untouched by the victors but guaranteed under international law, it is inevitable that the German people should have their eyes opened to the iniquity of the doctrines by which they have been betrayed, and begin to build up a democratic commonwealth for themselves.

VI. THE BURDEN OF THE COMMONWEALTH

THE task which lies before us, therefore, is a heavy one. If we are to secure both liberty and lasting peace not only must non-German Europe be freed from Prussian military and diplomatic control, but all the civilised nations of the world must modify their traditional policies—the Allies and America, no less than Germany.

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It is the fashion in the Allied countries to throw all the blame for the war upon Germany. And no impartial person can doubt that the main responsibility lies upon her. But responsibility rests also upon other Powers, and notably the Western democracies, for allowing the idea of public right and the value of treaties to grow so little respected that it was possible for Germany to entertain the idea that she could upset the European order by force without inevitably incurring the armed resistance of the whole civilised world. If the Germans have been mastered by the militarist error, most of the democracies have been mastered by the pacifist error. And in consequence, having failed to create a true law of nations or to make the preparations and the sacrifices necessary to give international right an effective sanction, the Western Powers are spending blood and treasure like water in order to restore freedom to the world.

The creation of a new international order depends mainly upon the Allies and America. Germany will obviously not accept it until she has been forced to abandon her dreams of conquest and power, and this is the first task which the Allies have to perform. But if their full victory is to be achieved they must go on to embody in legal form, binding on all, the principles of liberty and justice which they are endeavouring to make Germany respect. This there is good hope of their doing. It is in accord with the political principles which have governed the development of France and Italy. It is, too, entirely at one with the foreign policy which has been pursued by the Tsars of Russia since Alexander I.'s proposals for a European Union to Pitt in 1804. Russia is backward internally because her people have had little national consciousness, and the Tsardom has been the main principle of their unity. But they are not militarist, and their foreign policy, when freed from German bureaucratic influences, has been consistently enlightened. It was the Tsar who initiated The Hague Conferences. Japan is an unknown quantity. It would

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seem as if she were now balancing between liberty and Prussianism, and that the next few years would determine whether she is to join the free peoples or drift to disaster down the nationalist stream.

It is essential that America, also, should take part in the work of international reconstruction. For if law is to govern the world, it must govern all nations, America included. This will involve an immense change in the traditional policy of the United States. Very few Americans remember that the revolution of 1776-83 was brought on by the refusal of their ancestors to shoulder the burdens of their own defence. If England was tyrannical, the Americans had failed in the primary responsibility of self-defence. And the tradition thus inaugurated of believing that they had no responsibility for the world beyond their own borders has largely governed their foreign policy ever since. The promulgation of the Monroe doctrine, however, marked a considerable departure from the policy of isolation, for it made them responsible for maintaining the national independence of the American republics as against attack from Europe. And their policy in the last twenty years towards Cuba, the Philippines, certain Central American States and in Mexico, has involved a further departure. But their action in presenting what practically amounted to an ultimatum to Germany, requiring the abandonment of submarine warfare against merchant shipping on the ground that it was necessarily inconsistent with common humanity, involves a total reversal of their whole national tradition. It means that America has taken a stand for the reign of law as against the reign of force, not on the American continent alone, but throughout the world. She has repudiated the Prussian doctrine that State rights are supreme, because, true to the principle of the commonwealth, she has seen that human rights must override State rights.

The essence of the matter is clearly indicated in the notes which have passed since the *Sussex* was torpedoed. Presi-

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dent Wilson was manifestly concerned to stop promiscuous submarining, not only because it endangered American life and property, but because it involved the constant loss of non-combatant life, and because it was bound to make the seas a scene of lawless and bitter guerilla warfare intolerable to a civilised world. After experimenting along all possible roads he was driven back to declaring that America could not allow belligerents to make full use of their submarine weapons, because their use was inconsistent with human rights, and the American people have supported him in this policy, a policy which they may be called upon to go to war to enforce. The German Government, on the other hand, is manifestly thinking only of the interests of the German State in its perennial struggle against its rivals. It obviously believes that it is legitimate to use any method, however inhumane, which can contribute to the supreme purpose of the triumph of one State over another, and it consequently regards the interference of America as a partial and jealous contribution to the cause of their enemies. The controversy is complicated by an appeal on both sides to international law—an appeal which can only lead to confusion because it is an appeal to laws which, as we have seen, are not concerned with the fundamental issues which are at stake. But the essential point is abundantly clear. America is standing for human rights on the high seas. Germany is standing for the right of the State to trample on humanity when its own interests are served thereby. America has thus committed herself to the principle that international relations must be governed by law, and she may have to go to war to vindicate the principles for which she stands. She has only to go one stage further and agree that law must not only govern the conduct of nations on the high seas but on the land also and she will be standing for exactly the same principles as the British people have been fighting for since they entered the war on August 4, 1914, when the neutrality of Belgium was infringed.

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But, when all is said and done, the biggest responsibility falls upon the shoulders of the British peoples. Partly owing to their distribution all over the globe, partly owing to the number of politically undeveloped people committed to their charge, partly owing to the fact that in sea-power they control the most powerful of the agencies with which the law of nations will be enforced, they have a peculiar responsibility for taking an active and leading part in rebuilding the world. They have for more than a century maintained law and order among a quarter of mankind, and over the chief oceans of the globe; they cannot now, after entering the war in defence of public right, abandon their task. They have clearly to go on and, in co-operation with other peoples, to endeavour to create a true reign of law over all the earth.

The burden which thus rests upon them is a heavy one. But fortunately every day that passes is burning out of the British peoples the excessive individualism and pacificism which for many years blinded them to the necessity for a resolute insistence on respect for treaties and so made possible the war, and which have been the chief hindrances in the way of its effective prosecution. More and more people are realising that duties come before rights, and that liberty is to be found not in self-assertion, but in public service in obedience to just laws of our own framing. While the experience of the war has taught us to value even more highly those political institutions which enable us to control our own laws and policy, it has shattered the selfish shibboleths which have pictured the purpose of life to be the freeing the individual of the restraints of law, or of the obligation to the disciplined service of others. The war, indeed, is not only liberating Europe from the illusion that the State is above the people. It is freeing the British democracies of the illusion that the individual is above the community. The commonwealth did not grow of its own accord. It was built up by those of our ancestors who recognised that the primary duty of every citizen was to

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serve others by obeying the laws which he himself had helped to frame for the common good. The reign of world law will not come about of itself. It will come into being because there are a few peoples in the world who are determined to formulate a law which shall do justice to all nations and be binding on all nations, and who are resolute enough during long years of peace to maintain such armed sanction behind the law that no one will venture to challenge it for selfish ends. Such a reign of law cannot be achieved without the assistance of the British peoples. If they cannot create it by their own efforts alone, it is certain that their co-operation is essential to success. On their endurance in this war, and still more on their enlightened policy after it, do the hopes of international unity and peace depend.

Unfortunately this does not simply mean the pursuit of a constructive foreign policy after the war. Just because the five self-governing nations of which the responsible part of the British Commonwealth is composed have been mainly preoccupied with the development of local government, the constitutional machinery whereby they can learn about foreign affairs and control their foreign policy is rudimentary and imperfect. If they are to co-operate effectually in foreign affairs, constitutional changes must first be made.

This theme and the consequences of it are the subject matter of a book which has recently been published under the title of *The Problem of the Commonwealth*, by L. Curtis. This book, as the author explains, is one of the outcomes of an enquiry into the history and nature of the British Commonwealth in which many of those who co-operate in maintaining this review have participated, though the conclusions are issued on the authority of the author alone. These conclusions, however, and the reasoning on which they are based are such as to deserve the consideration of every thoughtful student of imperial and foreign problems. Mr. Curtis points out that autonomy is not the same thing as self-government, and that if the peoples of the

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Dominions are to attain to full self-government they must have control over and responsibility for the policy which preserves the peace or commits them to war. They can, however, obtain such control and responsibility only in one of two ways—either by severing their connection with the commonwealth, and conducting a foreign policy, and armies and navies of their own, or by assuming equal voice in and an equal responsibility for the conduct of Imperial affairs, as the people of the British Isles possess to-day. This latter solution of equal voice and equal responsibility, however, can only be realised by devolving the internal affairs of the United Kingdom on to a Parliament having the same status as the present Parliaments of the Dominions, and by confining the Imperial Parliament to the control of purely Imperial affairs, and making it representative of all the citizens of the self-governing Empire. Imperial affairs are described as foreign policy, the control of the army and navy, the Government of India and the Crown Colonies, and the raising of the necessary revenues. Finally Mr. Curtis points out that, if such a reconstruction is to take place, a decision in regard to it can only be come to as the outcome of the drafting of a Parliamentary Bill by an Imperial Convention, providing for the constitutional alterations which it recommends, which can then be submitted for approval or rejection by the various peoples concerned.

The Problem of the Commonwealth, however, raises issues which go deeper than a mere reconstruction of governmental machinery. It proves that we are approaching a day when the five British nations will have to decide, consciously and deliberately, whether they are to remain one commonwealth or break the bond of obligation which unites them to one another and set up as five independent States. It shows that the issue cannot, in the long run, be avoided, and that if the peoples of the Dominions are to become fully responsible and fully self-governing it will be necessary, sooner or later, to come to a decision on this

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question. The problem of the Commonwealth is to find the true solution when facts face us with the necessity of making this choice.

This is not the time to commence a controversy on so vital a theme. Nor need we discuss the period when the issue will come within the sphere of practical politics. But every thinking man must welcome a book which exposes clearly the nature of the problem which lies ahead, and exposes so fearlessly the alternatives by which it can be solved. The commonwealth is founded not so much upon the wisdom of its rulers as upon the common sense and public spirit of its citizens. Hence, when we are entering a period when foreign politics will loom larger than they have done for many years, it is vital that the individual citizen should consider the defects in the constitution under which he lives. This book is not a book about which any citizen can be expected to come to a judgment easily or rapidly. But it is pre-eminently a book which every responsible citizen should read.

This war has brought many things to light, some good and some bad. But if it has done nothing else it has brought into clear perspective the astonishing fabric known to the world as the British Empire, but which, because it better represents its character, we prefer to call the British Commonwealth. The British Commonwealth is often misunderstood by shallow minds, both within and without itself. It is regarded as the outcome of deliberate design, as the product of greed and ambition, as the fruit of a fortunate geographical position. It is none of these things. It is a society of peoples united in loyalty to a constitution which has for its primary end the securing of liberty to every human individual within it, and the extension of political responsibility to every citizen who is fit to exercise it. And, as any fair-minded study of its history will show, it has come into being because, on the whole, and with many lapses, its responsible peoples have been faithful to the principles upon which the

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commonwealth rests, and because it has provided for essential human needs. For more than a century it has given liberty, peace, and opportunity of self-development to a quarter of mankind. It is now helping to restore liberty to Europe. When that is done, it will manifestly have to take an active, probably the leading, part in ending war by bringing all the world under the reign of just law. And in doing this it will be driven to remodel its own institutions. This is a tremendous task. Yet it is also a splendid opportunity. Let us see to it that we do not fail, from want of forethought or want of resolution, to rise to the heights of the responsibility thus laid upon us.

THE LABOUR MOVEMENT AND THE FUTURE OF BRITISH INDUSTRY

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AMONG the many far-reaching questions which the war has brought into fresh prominence none is more important in its relation to the future welfare of Great Britain than that of the organisation of industry. The war has laid bare serious defects in our existing arrangements, and, as a result, large changes in methods and policy are being put forward in many quarters. The object of the following pages is to examine the situation in the industrial world more particularly as it affects the working class, and to discuss it with special reference to the character and aspirations of the British Labour movement. Labour is the factor most vitally and intimately concerned in questions of industrial organisation, and no broad changes in policy can hope to be effective unless they are made with Labour's assent and co-operation. The day is past—as the events of the war have proved—when reforms, however desirable, could be imposed from above over the head of the representatives of the working class. On the other hand, no Labour policy, however idealistic, can hope to achieve its object unless it is based on an understanding of the facts of the world as it is to-day. Labour has to face not merely a national but an international economic situation and to realise its bearing upon its own domestic problems. The example of the Germans compels employers and work-people alike to view industrial methods and policies in a new light, and to take stock of their survival-value. What-

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ever our ideals and prepossessions, we cannot afford to sit down helplessly before the competition of better educated brains or to ignore the latest improvements—if improvements they turn out to be—in industrial training and organisation.

I. LABOUR DURING THE WAR

BEFORE discussing what we have to learn from Germany it will be well to cast our eyes back over the industrial record of this country during the last two years of war; for it is only by seeing the whole record in perspective that we can appreciate the bearing of the different forces and factors involved.

At the end of July, 1914, the situation as between Capital and Labour was more disquieting than it had been at any time since the great strikes of 1911. Both sides had drawn their lesson from that conflict, and were preparing their forces for another. In particular the railwaymen were looking forward to the expiration of their Conciliation Boards' agreement in the early winter, and plans were being concerted which have since been carried through—though in a different spirit—for a Triple Alliance, primarily devised for defensive purposes, providing for joint action in cases of common interest, between the miners, the transport workers, and the railwaymen, amounting to a million and a quarter workers in all.

At the outbreak of war the situation changed as by magic. It was some weeks and even months before the mass of the people realised, mainly through the arrival of the Belgian refugees, what was actually at stake in the war; but the national instinct asserted itself at once, and the settlement of all outstanding disputes and the proclamation of an industrial truce were matters of days rather than of weeks. The Trade Union leaders instantly undertook to postpone or to forego their demands and

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called upon their members to put country before class, and to do their utmost to see the war through. A joint Parliamentary Recruiting Committee was formed, and Labour members, with few exceptions, made strenuous efforts in response to the Government's appeal to secure volunteers, many of whom, as was afterwards found out, would have been far better left at their own trades.

During the first few months of fighting nobody thought out the reaction of the war upon industry. The Government's War Book had been drawn up on the supposition that only a small Expeditionary Force would be employed, and it does not seem to have dealt with the industrial aspects of the problem of military supply. The first obvious effect of the war on industry was to create instability and unemployment, and the prevalent idea during those months was that there would be serious and widespread distress among the poorer classes. It was under this impression that the Prince of Wales's Fund was raised and that prominent economists urged the undertaking of public works and improvements by municipalities in order to provide employment. There was, in fact, for a time very considerable distress, especially among women workers, and unemployment undoubtedly was a contributing factor in the enlistments. There was reduction of wages in some quarters and a considerable amount of short time in most industries. The Factory Inspectors' Report for 1914 records the efforts that were made in many cases by employers, themselves hard hit and uncertain of their future, to keep their staffs together and to secure them from destitution.

Towards the end of 1914 and the beginning of 1915 two tendencies began increasingly to make themselves felt. Prices began to rise; and skilled labour began to run short, owing to the demand for munitions and the success of the recruiting campaign. These two causes together operated to disturb the harmonious atmosphere that had been brought about at the beginning of the war;

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but they need not have done so had the Government understood what was happening, and taken steps to deal with it in time. When prices began to rise so as to make serious inroads on the household budget, there was a confident expectation in Labour circles that the Government would somehow intervene to keep them down—in the same way as it had intervened in the autumn on behalf of the banks and the accepting houses. The matter was raised in the House of Commons in February, and the Prime Minister replied in what has become known as the "Wait till June" speech, which created a most unfortunate impression, and greatly strengthened the force behind the wages demands which were then beginning to be made. These demands were aimed at the maintenance of the pre-war condition of real wages, and much recrimination would have been avoided if this point had been stipulated for when the industrial truce was proclaimed or, at least, when the Government's Arbitration Committee was appointed. Meanwhile the shortage of labour, combined with the wide and unregulated extension of Government contracts, was leading to an ever-fiercer competition among employers to secure the services of the available skilled men. For some time great confusion reigned. Every device was used to attract men from one situation to another—with demoralising effects on the general progress of the work. The effect on output of the restrictive Trade Union regulations in the engineering trades also began to be seriously felt about this time, and the shortage of skilled workers in various crafts led to constant minor troubles on questions of demarcation. It was in these circumstances that, on February 8, the Under-Secretary of State for War, for the first time awaking to the problem, made a somewhat naïve appeal to the Trade Union leaders in Parliament to abandon their restrictive rules and to "organise the forces of labour." Soon after this, when the situation began to look serious, the Government appointed the Committee on Production, con-

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sisting of Sir George Askwith, Sir George Gibb, and Sir Francis Hopwood, to arbitrate in the disputes that might arise, but without laying down any principle on which to base their awards. It was a little later, at the end of February, that the first strike took place on the Clyde; it only lasted a few days, but it drew the notice of the country to the widespread existence of industrial unrest. About the same time Mr. Lloyd George made his first speech about the importance of munitions and described the war as "an engineers' war."

Attention now began to be directed increasingly to the question of Trade Union rules, especially as regards the training of the new workers who were seen to be necessary. The Government at last realised that something more was needed than a mere appeal to Members of Parliament without any corresponding agreement or guarantee. The result was a series of conferences in March, 1915, between Mr. Lloyd George and Mr. Runciman, as representing the Government, and the representatives of the engineering Trade Unions. The Trade Union representatives undertook to recommend to their members to agree to compulsory arbitration for the period of the war and to waive all rules in restriction of output or of the training of new workers. In return they demanded and secured through the Government from the employers promises of (1) the limitation of war-profits and (2) restoration of pre-war Trade Union conditions and reinstatement of men with the Colours.* These conditions were formally accepted by the members, who did not, however, realise what they implied or how widespread were the changes that were to take place in the industry. Soon afterwards the Ministry of Munitions was created, and immense new plans began to be developed for the building of shell factories and the extension of orders, necessitating the tapping of fresh sources of labour.

Meanwhile it was found that the March agreement,

* See THE ROUND TABLE for June, 1915.

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although embodying the views of the vast majority of Trade Unionists, provided no means of controlling the minority. This difficulty could only be met by embodying the agreement in statutory form. Legislation was also felt to be needed to curtail the bargaining power of the workman and to restrict the rise of wages. The result of this was the Munitions Act, which created a class of "controlled establishments," the workers in which were exempted from recruiting and guaranteed security of employment, but could receive no rise in wages or salary except after permission from Whitehall. The Act also put an end to the "pilfering" of labour by competing employers, which was still causing serious confusion. This was done by including a clause that tied workmen engaged on munitions work to their job by making it illegal for an employer to take them on within six weeks without a certificate of discharge from their previous employer. The bearings of this clause were not understood either by Parliament or by the workers when the Bill was passed, and it has proved a fruitful cause of friction in the working. Workmen who, for domestic or other reasons, desired to change their employment found that they had to come before a court before they could do so, and resented what they considered a vexatious interference with personal freedom. Various minor possibilities of abuse were revealed in the course of the Act's working and were remedied in an amending Act of last January. But the Act is still resented, not only because of its restrictive character in general, but also because it sets up what the workers regard as inequitable distinctions between different classes of labour. For instance, the engineering trade has had its mobility, and thereby its bargaining power, restricted, whereas seamen, dockers, coal trimmers, and others are not affected by it and can bring what pressure they like to improve their position. The working of the Act did much to rouse the suspicions of the workers, and to confirm their rooted objection to "industrial conscription"—that is to say, the subjection

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of civilian workers to military law with the consequent limitation of their freedom of association. It should be added that a similar discrimination under the Act exists in the case of employers, ship-owners, for instance, being free to make much larger profits than armament makers.

The labour events of the last twelve months can be briefly dismissed. The most notorious was the short-lived strike of 120,000 Welsh miners in June, 1915, in successful defiance of the compulsory arbitration clause of the Munitions Act, which was adopted by Proclamation to include their case.* Sporadic further trouble due to the non-Unionist question has been met by a remarkable agreement signed in March, 1916, establishing compulsory Trade Unionism in the South Wales coalfield for the period of the war. The only other serious industrial trouble has taken place in the Clyde area, where local causes have combined to maintain an undercurrent of intense bitterness and suspicion. A small strike of some 1,500 highly skilled men broke out at the end of March on a question of workshop management. It was vigorously opposed by the local officials of the Amalgamated Society of Engineers and six of the leading men involved were deported from the district, but otherwise left free. The strike did not last more than a few days.

Much more serious in its effects on the war than these two disputes has been the difficulty about enforcing the agreement as to the abandonment of Trade Union regulations as regards the training of new workers. The workers concerned proved intensely conservative, and in many shops months elapsed before the promised arrangements for dilution, that is, for the training of the new workers, could be proceeded with—although, as always happens with the working class, when the need was really borne in upon them they fell in willingly. Still more serious has been the problem of Trade Union rules in restriction of output. Progress here has not been easy. Mr. Lloyd George

* See THE ROUND TABLE for September, 1915.

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paid visits to the Trade Union Congress at Bristol in September and to Glasgow at Christmas in an endeavour to improve matters, but was very unfortunate in his methods on both occasions. A conference with the Prime Minister just after Christmas led to more satisfactory results, and incidentally revealed to the public the nature of the psychological obstacles that had to be overcome. But the force of circumstances is gradually proving too strong, and the engineering industry has, in fact, been transformed, both in material and in *personnel*, during the last twelve months. The Ministers and the responsible Trade Union leaders concerned have, however, not yet publicly acknowledged that in pledging themselves to restore pre-war conditions they pledged themselves to the impossible, and that a new policy must be devised to meet the new conditions.

Several conclusions emerge from this brief review. Judgments on it will vary according to the standard adopted. Let us first judge it, as Ministers and Government officials tend to do, by what we may call a "pre-war standard"—that is, by what we have been in the habit of expecting from ourselves, both in respect of organisation and public spirit.

Looked at in this light the record, so far as employers and workpeople are concerned, is not only not discreditable, but very much the reverse. On the one hand, employers, by repute a conservative class, have carried through, practically on their own initiative, immense changes and improvements in plant, organisation, and the training of labour, and, while doing so, have been content to sacrifice the major proportion of their excess profits. No doubt the limitation of profits leaves open many loopholes, but employers, as a whole, can fairly claim to have adhered to their bargain with the Government; and anyone who thinks the limitation of profits a small change should consider what an alteration in traditional standards and motives its enactment implies, and ask himself how it would be likely to be received, say, in the United States. On the other hand,

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labour, as a whole, has done its share far more effectively than the public—who hear only of isolated disputes—has been able to realise, and has maintained the productive capacity of the country, in spite of the withdrawal of some 4,000,000 workers, in a manner that is truly surprising. Sir George Paish lately estimated that the national income, which before the war stood at £2,400,000,000, had been increased for the year 1915 to £3,000,000,000. This estimate makes no allowance for the rise in prices; but even with this deduction it is a remarkable tribute to the work of the civilian population. Moreover, of the extra values thus created, considerably the lesser proportion has found its way into working-class pockets. The Board of Trade returns record an addition of £45,000,000 to the wages bill in 1915; independent authorities, calculating for additional sources of increase not covered by the official figures, raise the sum to between £150,000,000 and £200,000,000, or even higher; but even this leaves some two-thirds of the extra value to the other factors in production. In other words, the working class, faced with a situation in which its bargaining power was greater than at any time since the Black Death, has not only had its own monopoly value curtailed by legal enactment, in the Compulsory Arbitration and leaving certificate clauses of the Munitions Act, but has acquiesced in a serious reduction of the rate of wages in comparison with prices. These concessions could only have been secured by consent; and the fact, in consequence, that Labour has, as it were, been taken into partnership by being officially consulted on questions of industrial policy has created a precedent which may lead to far-reaching results. The opposition of principle between the two parties remains, however, unaltered; in some respects it has even been intensified; and nothing that has happened so far is sufficient to prevent a speedy resumption of conflict on the old lines as soon as the war is over.

So much for the point of view of the disillusioned official, who has learnt to depreciate sanguine expectations

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and is agreeably surprised to discover that human nature can respond to ideal motives at all. Let us now take higher ground and survey the record from the point of view of that large section of the nation, drawn from every class and occupation, which has put all thought of self aside. How does this record read in the trenches?

The first and most natural reflection is the comparison with the French. France has not, indeed, as is sometimes imagined, been exempt during the war from selfishness and even corruption amongst her employing class, or from labour criticism and discontent. In the prostration at the beginning of the war, says an official British summary * of a French report "more than half the industrial and commercial establishments of France closed their doors and most of those who kept open did so with reduced staffs working short time." Of the 5,000,000 persons employed in private industry, 2,000,000 were thrown out of work and the remaining 3,000,000 "did not by any means receive their normal wages." Both wages and employment seem to have improved more slowly after the shock than in this country. By the end of 1915 wages had "recovered to an appreciable extent." "They tend more and more to become normal, and, for certain groups of workers"—the carpenters, masons, bricklayers, and builders' labourers, engaged in the Calais district on making barracks for the British troops, are given as an example—"they exceed the normal rates." The reference in the report is apparently to money wages. It appears, therefore, that, though, in France as in this country, "the increase in the cost of living has instigated the workers to demand corresponding advances in their daily wages," they have only to a very partial extent been successful. "Men," says the report, "have been more successful than women, and industrial workers than commercial or domestic employees." Strikes have been rare, only ninety-seven being recorded between August 1, 1914, and December 1, 1915.

* *Board of Trade Labour Gazette*, April, 1916.

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But it is not in the sphere of general industrial organisation but in that of the productions of munitions that France rightly deserves to be held up as a model. There, thanks to the sense of overwhelming need and to the clear-sightedness of the authorities and the patriotism of the workers, the long-drawn negotiations and the recurring friction which occurred in this country have been successfully avoided. No difficulty whatever seems to have been experienced either as regards Trade Union regulations or the introduction of unskilled male and female labour. No strikes have taken place; and, in view of the military situation, they would have been unthinkable. "Time-keeping," says the British deputation report, "is remarkably good, the time lost owing to avoidable causes not exceeding on the average 1 per cent.," and the arrangements for training new workers and the avoidance of fatigue seem to be markedly superior to our own. It is undoubtedly largely because we have been so slow to deal with these problems of health in this country that our output of munitions has fallen far short of what it might have been. The result is that France, with her best industrial regions torn from her and a very large proportion of her adult male population in the field, has undoubtedly handled her munitions problem more successfully than we in this country. This is not a pleasing reflection for the premier industrial country in the world, to whom our Allies naturally look as an arsenal and a storehouse. Nor does this greater efficiency of the French munitions supply spring out of the system of compulsory military service: men can be compelled to work, but they cannot be compelled to do good work; the evidence as to the increasing intensity of production in France shows indisputably that the driving force was not military law but patriotic zeal.*

* See the report of the mission sent to investigate labour conditions in the French munitions factories, printed in the *Board of Trade Labour Gazette* for January, 1916. Compare the Health of Munition Workers Committee Report on Industrial Fatigue. (Cd. 8213. 1½d.)

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The war has also served to throw a fierce light upon the inefficiency of our pre-war industrial arrangements. Quite apart from the class struggle, British industry was slowly losing ground owing to the superior skill of our rivals. Both employers and workpeople were too old-fashioned and too easy-going. Restriction of output has been rife in every direction. The upper ranks of industry have largely been manned through social or hereditary influence, with the result that businesses have often been overstaffed and underworked. The connection between research and industry, between exact knowledge and business enterprise, has been neglected, and while "the University doctor" in Germany and the "College man" in the United States have been applying their brains to production and the development of new markets, our own University output—relatively far too small in numbers owing to the long-standing defects of our secondary education—has remained almost wholly out of touch with the industrial and commercial life of the country, and our technical institutions have languished owing to the lack of good openings for their students. Meanwhile, the same vicious tendency has affected labour. "Ca' canny" has gained ground in many quarters, both among skilled and unskilled, with the result that the whole community is taxed for the relative inefficiency of particular groups of workers. The war has brought the problem conspicuously before the public in the case of the engineering trade, but the difficulty is one which is not confined to any one trade or group of trades. It is bound up with the whole Trade Union tradition of collective bargaining and the standard rate. As Mr. and Mrs. Webb remarked in their classical treatment of this subject twenty years ago, "It is a necessary incident of the collective bargain that one man should not underbid another, and this underbidding can as easily take place by the offer of more work for the same hour's wage as by the offer of a normal amount of work for a lower hourly wage." The solution of the problem is not incom-

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patible with Trade Unionism, but it raises difficult questions of Trade Union policy and workshop organisation and control which require broad and careful reconsideration in the light of the war.*

GERMAN INDUSTRIAL ORGANISATION AND ITS IDEALS

LET us set side by side with this review of industrial conditions in our own country a brief account of what has been going on in Germany in face of similar difficulties. Fortunately, we possess in a book published last autumn a vivid and enlightening sketch of the reaction of the war both upon German industrial conditions and upon German economic ideas. *Mittel-Europa*, by the ex-pastor Friedrich Naumann, a well-known German writer and thinker, and the founder of the German "Christian Social" movement, is a book worthy of the close attention of British readers; † for it is written in a moderate and at times even in a subdued tone, and is comparatively free from the rhodomontade characteristic of so much recent German professorial and journalistic writing. The book has had a very wide circulation, and the economic facts and tendencies which it brings out are, it may be added, confirmed from more recent sources. Its pages are worth extensive quotation as an illustration of the intellectual world in which German "advanced" thinkers are living to-day and of the way in which the various elements in the German system, parts of which, taken in isolation, appeal to the

* The chapter on the standard rate in Sidney and Beatrice Webb's *Industrial Democracy* is still the best treatment of this vexed question. On the question of our failure to keep up to date in scientific and mechanical improvements, see a remarkable table of comparisons between the United Kingdom and the United States, drawn up by Mr. Charles Booth and printed in his *Industrial Unrest and Trade Union Policy*, p. 27 (Macmillan, 1913. 2d.).

† Published by Reimer, Berlin. For details about the author and his position in the political and religious life of Germany, see *The Soul of Germany*, by Baron von Hügel. (Dent, 1916.)

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most diverse schools of thought in this country, dovetail into one another to form a complete and consistent whole.

The purpose of the book is to promote the closer union of Germany and Austria-Hungary, or rather—to use the author's own word—to plead the cause of a new territorial entity, "Central Europe." Just as Chamberlain called upon us to "think imperially," so Naumann calls upon his readers to "think centrally." It is characteristic of German methods that he begs historians and teachers of the young to teach history henceforward in this sense, and that he should give a brilliant if wilfully one-sided account of German history to show how the thing can be done.

But "Central Europe" is not to be a single sovereign State, like the British Empire, nor is it to be based on any principle of justice or liberty or, indeed, on any ideal at all. Although he is, or has been, a clergyman, Naumann is not an idealist; he does not appear even to have asked himself what the object of a State is or what it is that Governments exist to promote; he thinks purely in terms of wealth and power; swelling statistics (of which his appendix is full) are his tests of excellence. It is natural, therefore, that what he should aim at is not the political union of the Central European States, but their economic union. He does not even suggest a federation of Germany and Austria-Hungary. The sentimental objections, as he knows, would be insuperable. Nor does he suggest a Customs union or *Zollverein*, for the conflict of interests renders it impossible; the Prussian Junkers, for instance, would bar the free import of Hungarian grain. What he suggests instead is a common economic policy; and that policy, which he sets out with great charm of style, is simply the development, out of the existing war-time control of food-stuffs, munitions, and other commodities, of a system of chartered trusts or monopolies operating over the whole area of Central Europe. He looks forward

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to the creation of a Central European Economic Commission manned by "experts," which shall supervise the economic organisation of the territory, adjust the claims of the various monopolies, and receive deputations from the representatives of the workmen and other employees. He is, in fact, proposing to form a State somewhat on Syndicalist lines, based on the economic rather than on the political side of community life—but with this all-important difference, that the controlling power will be in the hands not of guilds of workers, but of corporations working for private profit. It will be a government not unlike what critics of America sometimes declare to be the *de facto* government of the United States.

The following is an extract from his account of how the German Government met the situation caused by the British blockade and the unexpectedly large requirements of the army :

Since military law prevailed, a few months sufficed for a step which would otherwise have required a generation of negotiation—the declaring of all necessary commodities to be State property and the replacing of private trade by public departments and State administrative commissions. *State Socialism moved forwards overnight by gigantic strides.* Before the war a man had the right to say : "I can do what I like with my own potatoes." Now the State says : "Your potatoes are my potatoes." . . . All this involved an immense task of organisation ; for the adjustment between the men called out on military service and the increasing unemployment at home is by no means automatic, and the taking over of raw materials and foodstuffs by the War Supply Commission and the Corn or Potato Commission was and is no small trouble. The Government Departments would have been very shy to undertake either task in time of peace ; but now they had to face it with a diminished staff of officials to do the work, and they succeeded. In peace-time things would have gone much worse ; for everyone would have insisted on his customary right ; but the war brought with it undreamed of strength : you must, you shall, you will, you can ! A willing people with a voluntarily accepted economic dictatorship can achieve anything. The dictatorship was incomplete, for the preliminary inventory had not been undertaken ; but this defect was gradually repaired. The condition we see before us to-day is certainly not quite what is known, in Karl Marx's phrase, as the

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"Dictatorship of the Proletariat," yet one cannot help, in some aspects, being reminded of that expression. It is a step towards Socialism under Government leadership. It is an Economic Dictatorship of the Government Departments most closely concerned.

So much for what has actually taken place—for the German analogue to our controversies about munitions and prices. No doubt there have been serious lapses in the organising process there described; * but, broadly speaking, the successful industrial dictatorship of the German War Office and of the various Food Commissions is a well-established fact. Let us now turn to the reaction of these developments upon German economic thinking; for it is here that Naumann's book is most suggestive for us in this country.

That we Germans have glided into this State Socialism or, to use the strict term, this "public," as opposed to private, "economic activity" as if it had always been our mode of life—that is our great discovery of ourselves in the war. When we emerge from the war, we shall no longer be the same economic men as before. The period of absolute individualism, the period of the imitation of the English economic system, which was already in decline, will then be over—so too will be all thoughts of an internationalism that boldly transcends the limits of the State of to-day. On the basis of our experiences in the war, we demand a regulated economy: *the regulation of production from the point of view of State necessity*. . . . This involves a certain reconciliation between middle-class and Socialistic economic conceptions. Before the war one realised already that the sharp opposition was being toned down; for our manufacturers were organising and the workers were developing a strong and realistic Trade Union policy on the basis of the existing order. . . . Now that the war has for a time freed us from all doctrinaire thinking and forced us to face the practical task of organisation, it has become apparent that State Departments, Employers' Associations and Trade Unions are merely members of a common organism—of the community viewed from the point of view of livelihood or economy.

* Some of them are described in an article by Mr. John Hilton, written from a close study of the German sources, in *The Nineteenth Century and After* for January 1916.

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There is nothing inherently new in this idea of government by chartered companies. What is new is the German author's and his enthusiastic public's confident belief in the virtues of large-scale official organisation, as against the free enterprise of groups of individuals and voluntary associations; and, above all, their belief that such an organisation will commend itself to the German and Austro-Hungarian working class. For the author sets out to be a liberal advocate of the claims of Labour and, more especially, of Trade Unionism, and he proposes to conciliate Labour by weaving Trade Unionism into the texture of this new monopolistic system. "Monopolies," he declares, "without a statutory limitation of their autocracy over the workers would involve what would be regarded by present-day public opinion as an intolerable infringement on personal freedom." But to meet this difficulty he does not propose to establish responsible political government, or a measure of Trade Union control, or representation, or even recognition, on questions of workshop conditions, or anything that is to be found in British labour programmes either political or industrial; but simply a vague and undefined plan of unemployment insurance. Just as Central Europe itself is to be based not on Liberty but on "Organisation," so he offers its workers not Responsibility but Security. It is true that he repeatedly describes his scheme as Socialistic; but if this is what Socialism really means to a German advanced thinker, Socialism and Prussianism must be much nearer akin than they have hitherto been considered to be in this country.

Before asking ourselves what we have to learn from these far-reaching ideas and proposals, it is important that we should realise the nature of the human material with which they are to be carried out. We are often told, in connection with Socialism and other proposals, that they assume a "change in human nature." Naumann accepts this view, and his argument for these radical

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transformations in industrial organisation and ideals is precisely that the Germans have evolved a new type of man, who is capable of efforts and subordinations unacceptable to any other people. The pages in which he develops this thesis are so interesting and so true to life that they must be given at some length :

The distinguishing peculiarity of the German is not his possession of some new quality not otherwise to be found in the world, but the methodical and disciplined heightening of a capacity which did and does exist amongst the peoples who used to lead the world, but was never deliberately and carefully developed. No doubt we feel that we are far, very far, from having reached the end of our organisability, but in the eyes of our neighbours we have already departed widely from their mode of life. To them we are a people of slaves, because we have learnt better than they how to do our work according to a common plan and a common rhythm. This is true of work of every kind. It is not as if industrialism were the special German characteristic, for in industry, machinery and craftsmanship the English were and are our superiors, and the special German spirit to which I refer is just as much in evidence in our agriculture as in our industry.

In the last twenty years our German industries have assumed a wholly new appearance. Whilst growing, they have grown into one another. Through employers' associations, buying arrangements, agreements as to prices and selling areas, a complex system of mutual attachments and dependences has come into being. A stranger no doubt would find all this too intricate to unravel, but it has grown up bit by bit to meet one need after another, and has quietly, in the course of one generation, carried over the old-fashioned individual employer, even if he originally set his face against it, into an ordered industrial community-life. . . . From personal motives he becomes a member of impersonal institutions and works for them as for himself. This dovetailing of the individual self into the community-self is what we are pre-eminently able to achieve. . . . What forty years ago seemed a remote and idealistic project of Socialist and State Socialist dreamers has firmly and visibly taken shape in our existing economic institutions. Germany is not simply becoming an Industrial State ; she is becoming an Organised State in the full sense of the term.

Corresponding with this is the development we are witnessing amongst the wage-earners and, after their model, among all the groups of higher employees. The old ideal of the individual worker who sells his labour-power when, where and how he wishes, has

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almost disappeared before the social ideal of association for common wages and work. The non-Unionist does indeed still survive in considerable numbers, but he has wholly lost the leadership.² And what distinguishes the German Trade Unionists, so far as we can see, from the older English movement is their greater sense of solidarity and discipline, which they have won for themselves against the wishes of the Government and the employing class, in spite of anti-Socialist laws and police persecution. The German masses are determined to be organised; that is their principle of life. It is not a sufficient explanation to say that they have organised to increase their power to bargain for higher wages. Anyone who is in touch with Trade Unionists knows that a reasonable private selfishness is only one element in their policy, and in the case of the leading men not the dominant element. They have worked out for themselves their Trade Union ideal of life—an ideal narrow and stiff, no doubt, as was only to be expected from small men with a small scope and horizon, but firm and consistent and clear in itself. The idea of the impersonal industrial guidance of the masses as regards the sale and utilisation of labour is winning its way through and becoming self-evident. In this respect the German worker differs from his Latin neighbours: for what is called Socialism in France and Italy, although nominally and theoretically related to the German Trade Union movement, lacks the hard core of inner firmness attained by our Socialist and other Trade Union corporations.

And not only the wage-earner but the middle class is treading the same path; the scientists, the teachers of various grades, the scholars, the doctors, even the artists. The old craftsmen's guilds are breaking out into new life and adapting themselves to the changed conditions of the time. With all the strife of our conflicting interests and associations we are a homogeneous people—magnificently homogeneous in this mode of practical organisation of our work and life, the joint product of the elementary school, universal military service, the police system, organised knowledge and Socialist propaganda. We hardly knew that at bottom we all had the same ideal—that of the regulation of labour, the mark of the second phase of capitalism, which can be described as the transition from private capitalism to Socialism, provided the word Socialism is interpreted, not as a proletarian phenomenon merely, but in a wide and free sense as the ordering of the people with a view to the increase of the common production of all for all.

It is this new German man who is so unintelligible to the individualist peoples. He seems to them partly a relapse into old unfree mediæval days and partly an artificial creation which denies and does violence to humanity. In the educated circles of Paris and London men regard this German type with mingled feelings of pity, awe, respect and repulsion. Even if they were capable of achieving the

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same there, they would not wish to do so, for they have not this discipline of soul, nor do they desire it, for it would mean the surrender of their own soul. No one can understand this fully unless he has on occasion tried to see Germany from outside through the eyes of strangers. From the German who only knows Germany the inner strength of this contrast must remain hidden; he does not feel how strange he has become to just the best men among the Western peoples, not through any single thing that he does, but simply through what he *is*.

The joint product of the elementary school, universal military service, the police system, organised knowledge, and Socialist propaganda—there we get the scheme of modern German life in its totality. It is only by studying the new German type of man in the light of this commentary that we can understand the inner connection between the various elements in German life which, seen from the outside, seem so discordant, but yet have combined to produce this “homogeneous” result. Patriotism and Socialism, Syndicalism and Militarism, philosophy and Bureaucracy and Trade Unionism have all contributed their part towards the construction of the modern German ideal: and the name of that ideal is Organisation:

“In these days,” says our author, “every Government office, every party and every society is pulling out its notebook and putting down ideas for improvements after the war. I would wager that three-quarters of these notebooks contain the words, Better Organisation! . . . Fichte and Hegel nod approval from the walls. The German after the war will be a servant of the State as never before in his daily work. His ideal is and remains Organisation, not random impulse: Reason, not a blind struggle for existence. This is our freedom, our self-development. It is with this that we shall have our great period in history, like other victorious peoples in other times with other arts and excellences. It is our period that is dawning, now that English Capitalism has reached and passed its zenith, and for this our period we have been prepared by the joint work of Frederick the Great,* Kant, Scharnhorst, Siemens, Krupp, Bismarck, Bebel, Legien, Kirdorf and Ballin.”

How do we in Britain stand in relation to this phenomenon, and what have we to learn from it, and

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in particular, how does it stand in relation to the traditions and ideals of our own Labour Movement ?

III. PRINCIPLES AND IDEALS OF THE BRITISH LABOUR MOVEMENT.

ENGLAND is the oldest of the industrial countries. Her inventors and manufacturers were the pioneers of modern industrial development and her idealists and reformers were the pioneers of the modern Labour Movement. She has the oldest industrial tradition and the oldest, most highly skilled, and most firmly rooted working class. To the dweller in a Cathedral city or a county town in the south of England, cities like Manchester and Birmingham, and still more Huddersfield and Rochdale and Stoke-on-Trent may seem crude and raw and modern ; but compared with Essen and Elberfeld and Chemnitz, as with Kansas City and Pittsburg, they are stable and venerable communities. They have long since passed through their industrial revolution and settled down. Changes in machinery and organisation there must always be, but the tingling excitement that thrills through our German author's pages, springing from a sense of new worlds just discovered, with immeasurable reactions upon human life and association, has long since passed away. The mental experience that England passed through between 1780 and 1840 and France, in a lesser degree, under Louis Philippe and Napoleon III., Germany is passing through under William II., and is inviting Austria-Hungary and the Balkans to enjoy under her ægis in the coming generation. British readers may be excused, therefore, for detecting, beneath all the pomp of German verbiage and all the undeniable record of German achievement, something a little naïve and mediæval and almost child-like in their general outlook. The British workmen, too, once worshipped Reason with a capital "R" in the

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pages of Tom Paine, and set all his hopes, with Robert Owen, on the Principle of Association. But he has learnt much and suffered much since that first schoolboy flush of idealism, and more especially he has learnt, in his social ideas and projects of organisation, to keep his feet firmly fixed upon the ground of experience and common sense. He does not, like the German, worship Organisation as an ideal, but prefers to refer new ideas to a rough standard of human values which he has worked out for himself, and to ask what effect they would have on life as he knows it at present and as, in his moments of insight and inspiration, he thinks it may yet become.

The modern British Labour Movement originated in 1792 with the foundation of the London Corresponding Society by Thomas Hardy, a shoemaker's assistant from Stirling. During the five generations that have since elapsed it can claim to have led the way for the world both in ideas and achievements. "The working class," the writer once heard a Russian exile declare to an audience of American working men, "the working class, comrades, has four legs, and unless it has all four at once it cannot stand upright. These four are the Trade Union, the Co-operative Movement, the Political Movement, and Education. We in Russia have had the last without any of the others, and what good has it done us ? * Here, in America, where the working class is free, there is no Co-operative Movement, and the Political Movement is slow to come to birth. England has had the first two for many generations, she has the third in the Political Labour Party, and now she is growing the fourth in the Workers' Educational Association." In truth, the outstanding events in working-class development throughout the world during the last century were all due to British initiative. Trade Unionism, Co-operation, Mutual Insurance, Socialism, Factory legislation, working-class political organisation,

* The reference was to the Revolutionary educational movement of the mid-nineteenth century, which was carried on largely by university students.

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all originated in this country. Just as our scientists and manufacturers and merchants and bankers invented the steam-engine, the spinning jenny, the limited company, and the cheque-book, so our workmen both at home and in the Dominions have been feeling their way through many failures, as all inventors do, towards stable and satisfactory ways of harmonising modern industrial life, in all its ruthlessness, with individual security, political freedom, and social well-being.

Yet, though the British Labour Movement, in the widest sense of the words, has been a model for the world, it has retained certain characteristics of its own which mark it out from parallel movements in other countries. "Economic conditions," says one of the profoundest of our living historians,* "will not of themselves produce a Trade Union nor religious convictions a church. . . . There is nothing in which the different races of mankind and the separate branches of these races differ so much as in their aptitude for free association, and in the forms which that aptitude takes. It is a divergence not so much of religious convictions as of social characteristics which makes the Christian Church such a different institution in Germany and in England, in Scotland and in South Africa." The Socialist Movement in the various forms of its appeal and propaganda, as adapted to different countries in which it works, would have been an equally apt illustration. "Social character of this kind," Professor Unwin continues, "must not be thought of as innate and as springing up spontaneously in each fresh generation. To a large extent it is transmitted through conscious imitation of the older generation by the younger, of the class which has achieved organisation by that which has not." There are few countries in which this process of social imitation works more strongly than in England or in which, as a result, a sense of social continuity and the force of tradition

* *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, by George Unwin, p. 8.

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are more marked. Two characteristics of that tradition must be mentioned here: for they are essential to an understanding of the inner spirit of the Labour Movement.

In the first place, the Labour Movement in this country has always set before itself a moral and social ideal. It has never conceived of itself as engaged simply in a struggle for ascendancy, and for the material fruits which ascendancy would bring with it. It has never preached the doctrine of the class-struggle in the way in which many Continental Socialists have preached it, and as the struggle between nations and "cultures" is being preached in Germany to-day. The thinkers and writers and speakers who have been influential in the British movement have almost all been moralists—that is, men interested in human nature and in the betterment of human life rather than in the promotion of outward forms of equality or the working out of tidy and logical methods of organisation. Tom Paine and Cobbett and Robert Owen, the early Chartists and Co-operators, Carlyle and Ruskin, Arnold Toynbee, and William Morris, Keir Hardie and Robert Blatchford of the *Clarion*, they have all, like their earliest predecessor John Ball in the fourteenth century, and the Levellers in the seventeenth, been prophets and preachers rather than economists or devotees of "organisation." Even when, like Robert Owen, they set their whole hope in "a New View of Society," they did so with a clear and definite moral end, and the opening page of Owen's collected writings, not unlike Naumann in its naïveté, may serve to mark the contrast between the spirit of the two men and their countries. "*These writings*," he says, in a statement printed in capital letters, "*are intended to effect an entire Revolution in the spirit, mind, manners, habits, and conduct of the human race; . . . a Revolution which will destroy every ignorant selfish feeling, will unite man to man and will then harmonise all to Nature and God, making the Globe an ever-improving earthly*

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Paradise, which is now evidently the intention of our Creator."

This characteristic of the British movement is due partly to the close connection which has always existed—even in the time of Tom Paine and Shelley—between the Labour Movement and the religious spirit, and especially to its contact with Nonconformity. This is, perhaps, the greatest point of difference between the British and Continental movements, for if there is one thing more difficult than another to explain to an intelligent foreigner it is Nonconformity. No one who only knew the British Labour Movement from outside and from its journals could realise how many and intimate are its connections with religion and to how large an extent it is the legitimate descendant, adapted to altered circumstances, of the old Puritan spirit. "You jeer at the name Leveller," wrote Winstanley in 1649. "I tell you Jesus is the head Leveller." "To none in my peculiar mental make-up," wrote Blatchford in his burning chapter in *Merrie England* on "the self-made man," "am I more indebted than to Jesus Christ. . . . His will expressly bids me treat all men as brothers. And to the extent of my indebtedness to Christ am I bound to pay all men his heirs." In its hatred of oppression and injustice; in its unexpected outbursts of sentiment (as in its spasmodic interest in the problems of native races or foreign affairs); in its tenacity and grit and patience; in its power of self-deception which its enemies like to call cant; above all in its native manliness and its healthy and never-failing idealism, the spirit of the seventeenth century is still alive amongst us. It was Cromwell who used the power of England to intervene on behalf of the oppressed mountaineers of Savoy. It was his spiritual descendants who understood in a flash the meaning of the invasion of Belgium.

This leads us on to the second great distinguishing mark of the British movement—the stress it has always

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laid on the importance of personal independence. "Yorkshire people," remarks Charlotte Brontë,* who knew them well, "are as yielding to persuasion as they are stubborn against compulsion," adding, in Victorian idiom, that "taken as they ought to be," they are "ladies and gentlemen every inch of them." The remark applies far beyond the bounds of her own West Riding. It is, indeed, one of the keynotes of English working-class history from the days of John Ball and the Peasants' Revolt onward. To the British workman freedom has never meant "perfect service" or "self-realisation" or "organisation" or anything else so metaphysical. It has always meant the sense of being personally and individually free, or, as a recent psychological writer has put it, a sense of "the continuous possibility of initiative." The British workman would rather "feel free" than be a part of the most efficient "organism" in the world. This does not mean that he prefers anarchy to obedience or license to government. Our political and industrial record is the best answer on that point. But it does mean that the British workman has a rooted objection, which no amount of argument will remove, to institutions and forms of organisation which in Naumann's phrase, "deny and do violence to humanity." He dislikes the feeling of being a cog in a machine: he rebels against "impersonal economic guidance": he objects to becoming a standardised human unit; and where he suspects standardisation and mechanical uniformity and the pressure of a soul-destroying discipline or organisation his soul is instinctively in revolt. One need not search far for illustrations of this deep-lying truth. It accounts for a number of phenomena which must be a puzzle to Continental observers—for the traditional abhorrence of the workhouse and the equally deep-rooted dislike of the benevolent feudalism of "model employers" and "model landlords," for the essentially voluntary character of British Trade Unionism, in spite

* Shirley, Chapter XX.

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of the obvious advantages of using the law to make them "black-leg" proof, for the reluctance to submit to compulsory arbitration and compulsory military service, for the distrust of Government interference even when accompanied (as in the Insurance Act) by the best intentions, for the chaotic growth and easy-going methods of Trade Union organisation, the dislike of centralisation with its consequent loss of personal touch and the slowness in adopting schemes of amalgamation,* above all, for the steady increase in the feeling that the real problem before the working class is that of counteracting the dehumanising tendencies of modern large-scale production by securing for the workers a greater share in the control of the conditions under which they labour.

All this amounts to little more than saying that the British Labour Movement is not French or German or American, but British. It has grown out of the British character, like the British Commonwealth, and reflects that character both in its strength and in its weakness. It is as different from the German movement as a British Colony from a German Colony. It is, in fact, intensely national. The rich are often national in their sentiments but cosmopolitan in their mode of life: the poor, by necessity, are national in both.

But the British Labour Movement is far more national than either the German or the American, for, unlike them, it has its roots in a historic past. There is little of the traditional Germany to be seen in the organised "Central European" of to-day. "Entry into the Central European economy," says Naumann, "is a soul-transforming decision," just as, for the hundreds of thousands of immigrants who pass the Statue of Liberty every year, entry into the United States means an irrevocable break with their Old

* There are about 4,000,000 Trade Unionists in the United Kingdom, divided between 1,135 separate Unions, whereas the main division of the German Labour Movement—that affiliated to the Social Democratic Party—numbered in 1913 about 2,500,000 members, divided between only forty-eight separate Unions.

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World past. The German workman, like the American, is first and foremost an "economic man." It is not nationality but the economic machine, which knows nothing of nations and persons, that has set the distinctive mark, which we know so well, on their souls and faces. The true national quality is underneath, submerged and forgotten, "hustled" or "organised" out of consciousness. Just as behind the cold, set, expressionless features of the German under his helmet there lurks a reminiscence at moments of the good-natured sentimental "dear, stupid Germans" of the days of Queen Victoria, so the face of the typical American "hustler" is as a mask behind which one can detect Puritan England or Ireland or Bohemia or Italy or Jewry or whatever his spiritual heritage may happen to be.

It is because Germany and the United States have cut themselves off from the past in their industrial development that their efficiency seems to us so sinister and impersonal in its manifestations. They have a *tabula rasa* to work on, and we feel as if they could make of it what they will; they have sloughed off the old world with its limitations and deficiencies and weaknesses. But we may easily forget they have sloughed off with it great elements of strength and idealism also. Their choice of efficiency against tradition is not pure gain, nor is ours pure weakness. Be that as it may, we have made our choice. It is made for us by our national history, which has given us the character we have to-day. We cannot standardise or Prussianise our workers. We cannot submit them to the industrial conscription (*Arbeitsmilitarismus*) of Germany or the "scientific management" of America. Our employers and government officials are too tolerant and our workmen are too independent. The masters are not cold-blooded enough and the men too little submissive. All parties, in short, are too British. "Scientific managers," says a recent American investigator, "by the very nature of their occupations and experiences, cannot approach

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any real comprehension of the peculiar conditions and relations that create the aims, attitudes, problems, standards, and ideals of the workers." * Our captains of industry cannot so ignore human nature, nor would the British workman put up with it if they did.

What, then, are we to do in view of our admitted deficiencies? How are we to meet the world after the war—the ruthless, efficient, organised, large-scale world in which the Germans have set the pace? Our duty is clear. It is frankly to set up our industrial ideal and our system of life against theirs. Not to bow down in blind adoration before the demigods of efficiency and the latest exponents of divine right, but to use our own talents, and to bring forth out of our national treasurehouse things both old and new. To repair, to correct, to improve, to build up, but always in the light of our own tradition, which has made us what we are. To maintain and deepen and justify our faith in the unity of the spirit of man. To preserve and extend that inner flow and connection between the soul and the intellect, between knowledge and virtue, which, by sweetening the mind and purifying the purpose of the brain worker and blessing the manual worker with a deep wisdom of his own, enables each to supplement the other and draws both within the circle of a common humanity. To believe that since men are men and not gods or machines, an organisation so ordered and so manned as the German must ultimately fail through the human limitations of its directors and the moral atrophy of the slaves who man it. Not to concentrate power and initiative into the heads of a few experts but to diffuse responsibility as widely as possible amongst a community of free men. "Heroes and great men," wrote a great Russian writer recently,† "are to be found everywhere,

* *Scientific Management and Labour*. By R. F. Hoxie. New York, 1915. Page 120.

† *God Save England*, by Leonard Andreieff: *Times Literary Supplement*. March 2, 1916.

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in Germany as well as in England, but no other country can boast so extraordinarily good a type of average man as England. . . . No other literature has given us such an attractive, lovable and, above all, familiar type of the average person. I look at the Englishmen of Kipling and of Dickens with the greatest reverence and affection, and I shake them by their strong reluctant hands." Let us take courage by seeing ourselves as our best friends see us. The stuff of which our writers made their heroes is still with us. We are still, what Andreieff calls us, before all else "a nation of men," and not in machinery nor in experts but in the character of the average man lies our salvation.

IV. INDUSTRIAL POLICY AFTER THE WAR.

IN what direction, if not to Germany, are we to look for the changes that, as is generally admitted, are necessary in our social economy?

This is not the place to outline a programme in detail, but a few suggestions must be added in order to indicate the bearings of the foregoing remarks. Only strictly Labour problems will be touched on: nothing can be said about other matters, such as education and housing, which, though of predominant interest to the working class, are not industrial problems in the strict sense of the term.

The British working class is divided, and somewhat sharply divided, into two sections. Out of some 15,000,000 manual workers, male and female, 4,000,000 are organised into Trade Unions, and the remaining 11,000,000 are unorganised. It is this latter class which has the most pressing claim on the attention of Parliament: for it consists of men and women who are, for the most part, not in a position to overcome their difficulties without the aid of the State.

It is this miscellaneous, unorganised working-class

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population, in town and country, both in the army and at home, which has been most affected in its ideas and demands by the war. These are the men and women who form the material of Mr. Rowntree's and Professor Bowley's appalling statistics of "primary poverty"; these are the "12,000,000 always on the verge of starvation," of whom Sir Henry Campbell-Bannerman used to remind us. The lower stratum of this section of the population presents, or presented before the war, a spectacle of helplessness and wretchedness unique in the industrial life of the modern world. They are the wreckage of five generations of the modern industrial system. "It is hardly disputable," says a recent writer,* in words which observers from the Continent and America have often endorsed, "that millions of electors in the greater British cities have reached a point of personal decadence—physical, mental, and moral—to which no Continental country furnishes a parallel on any comparable scale." This is the other side of the medal—the converse to the self-help and personal independence of the organised Labour Movement. Just as our best is the best in the world, so our worst is among the worst. Those who wish to live in imagination through the daily round of the unorganised worker and the casual labourer, to share its racking anxieties, its bitter humiliations, its joyless excitements, should turn from statistics and sociological generalisations to the poignant self-revelation of one of their own members. *The Ragged-Trousered Philanthropists*,† by Robert Tressall, house-painter and sign-writer, is not only a precise and careful record, written with a realism and a firmness of touch that are almost French, of a certain section of working-class life, but it also enables the thinking reader to form some conception of the immense revolution which the war must have caused in thousands of working class minds and households.

* Ensor, R. C. K. *Modern Socialism*, p. xlvii.

† Grant Richards, 1913.

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For to this section of the population the war is the beginning of a new life. It has broken the crust of immemorial custom. It has given them what they lacked before: a horizon. It has brought comparative plenty in many cases where before there was perpetual want. It has brought health where before there was perpetual lassitude. It has brought hope where before there was dull despair. For such as these there can be no relapse into the old morass. It remains for the State by deliberate action to fortify this new sense of hopefulness and self-respect. A bold extension of the Trade Boards Act to large new classes of workers both in town and country, coupled with the assertion, on Australian lines, of the principle of the living wage, would seem to be one natural way of coping with this inevitably pressing problem.*

Passing from the unorganised to the organised workers, perhaps the clearest need is for internal changes in the Trade Union movement as a whole and in the separate Unions, which shall make the industrial democracy and responsible Government of the working class more of a reality. Constitutional reorganisation and a closer touch between the leaders and the rank and file is urgently required. The Trade Union Movement is built up on the same principles as political democracy. It aims at introducing, so far as possible, into industrial life the principles of free and responsible government. Yet it

* What constitutes a minimum living wage was laid down in connection with the Federal Act by Mr. Justice Higgins in the Federal Arbitration Court of Australia on November 8, 1907, in the following terms, quoted in the British report on the Australian system, Cd. 4167, p. 217: "If 'A' lets 'B' have the use of his horses, on the terms that he gives them fair and reasonable treatment, I have no doubt that it is 'B's' duty to give them proper food and water and such shelter and rest as they need; and, as wages are the means of obtaining commodities, surely the State, in stipulating for fair and reasonable remuneration for the employees, means that the wages shall be sufficient to provide these things, and clothing, and a condition of frugal comfort estimated by current human needs." The British Trade Boards are not at present guided in their determinations of minimum rates by the principle of the living wage.

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has not yet succeeded in securing full acceptance for those principles even among the ranks of its own members, among whom there has been an increasing tendency in recent years to substitute Prussian for British models of policy and action. An article, signed Rob Roy, in the editorial page of the *Glasgow Forward* of April 8 puts the case with great clearness :

The members of a Trade Union frame a constitution, enact rules, elect officials to administer their affairs and enforce their rules. When the strain comes, they throw their rules and their leaders overboard. If that sort of strain comes often, Trade Unionism may order its coffin. That is Anarchy, not organisation. "Our only hope lay in drastic action *by ourselves*." I regret to say it, but the last words seem to me to bear their own condemnation. If every group is to take drastic action when its grievance is not remedied at once, and according to its wishes, then Trade Union brothers may write "Ichabod" on their offices. If a group has a good case it can surely rely on convincing its own officials of the justice of the case. Should that process fail, the appeal to all fellow-members is still open to it. If the common sense of all refuses to be convinced, then the group must put its case better, or acknowledge that that case is so weak as to be unconvincing. Industrial Democracy can't justify itself on Anarchist principles. An instinctive appeal to violence, *à la Sorel*, is a denial of Democracy—industrial and otherwise.

But I am told the men distrust their official leaders. Who elected the leaders ? To take the measure of a man's ability and character, after years of observation, is a comparatively easy task for the human mind. On the whole the Trade Unions choose well. They may miss a genius, but they keep out rank incompetents. Prestige of birth and connection or inherited privilege doesn't count with them, and by so much they are better in their methods than, let us say, a good many established European institutions, which shall be nameless. Trade Union officials may be all that impatient and insurgent minorities call them. Will those minorities devise better methods of getting the right man into the right place ? If they can't—and they have never shown how—will they accept the disagreeable and slow compulsion of the appeal to reason ? They have a free field and no favour. They can bring the majority round to their way of thinking, or they can adopt the Prussian method of imposing their will on the plea of necessity and force. Prussianism crops up in queer ways and queer quarters—not least among our pacifist friends, who would assume all the privileges of Junkerdom right off the reel if only they could.

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This spirit will, however, not be exorcised by the mere preaching of obedience. It has partly arisen from inelastic constitutional methods which throw too little responsibility and initiative upon the local officials, and partly from the inevitable disabilities under which they suffer. Under the existing system of Trade Union organisation, by which the local officials attend to their work in their spare time, it is impossible that they should have an adequate sense of the relation between central and local problems. To preserve unity and continuity of policy without atrophying responsibility among the local leaders and the rank and file is the problem in democratic government which Trade Unionism has to solve.

So far as to the internal organisation of the Trade Union movement. But for what is that organisation to be used? The war may well prove a turning point in Trade Union policy and history. When Mr. Tennant, on February 8, 1915, called upon the Labour leaders to help the Government and employers out of a difficulty by "organising the forces of labour," he was creating a far-reaching precedent, which the successive subsequent consultations of representative labour bodies have confirmed. Difficulties had arisen in the workshops all over the country. Whose business was it to deal with them? On the old theory of what may be called industrial autocracy it was solely the business of the "master" to deal with "his men." On the new theory, now acknowledged almost as a matter of course, it is also the business of the leaders of the industrial democracy to which the men belong. The various consultations and conferences that have taken place mark the devolving of a share of the responsibility for the carrying on of the industrial work of the country on to the Trade Unions and their leaders. How far this new development will ultimately go no one can yet say. What is certain, however, is that this acceptance of responsibility by Labour is in the straight line of the British political and industrial tradition.

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The next step in advance seems clearly marked out. It is the extension and development of the system of Joint Committees which the war has brought into the foreground. Joint Committees, both local and central, of employers and Trade Union leaders have existed for some years in most of the leading industries; but their functions have been confined to the discussion and, where possible, the settlement of disputes. Even before the war, Mr. Charles Booth, in an interesting pamphlet, had suggested their extension into a more permanent form of organisation with enlarged functions. He advocated a scheme of "reciprocal recognition" of Trade Unions by employers and of employers by Trade Unions, and the establishment in this connection of "permanent Joint Committees, representing masters and men, for consultative purposes." These Joint Committees should, in his view, be at liberty to discuss "all matters of mutual concern," amongst which he especially mentions questions of apprenticeship and juvenile labour.*

Mr. Booth's suggestion of "reciprocal recognition" raises a point which must not be ignored. When matters affecting a trade or industry as a whole are under discussion it is as important to secure the collective consent of the employers as that of the men. The non-federated master is just as much a problem as the non-Unionist or "rebel" group of workmen. "As the difficulties in the Docks of London made clear only two years ago," writes Professor Ashley, "the great obstacles in the way of industrial peace are not only the extremists on the Labour side, but also the employers (often comparatively small employers) who refuse to be bound by an employers' agreement to which they were not individually parties."†

Such an extension of the functions of Joint Committees as Mr. Booth suggests would not prevent disputes or even

* *Industrial Unrest and Trade Union Policy*, pp. 24-25.

† *The Economic Organisation of England: an Outline History*. 1914. Page 190.

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strikes ; but it would lead to a state of feeling which would make disputes less likely to occur, and easier to settle when they did occur. Such Joint Boards would have the great advantage of keeping the two sides in constant touch. If set up not only nationally but locally they might be of very great help in questions of workshop discipline and supervision, where there are far larger economies to be made than is generally realised in the avoidance of friction and the improvement of relations between the two parties. Friction is not only unpleasant : it is expensive : it reduces output and costs money in supervision.

There is another more important duty which would fall to the share of such Joint Boards. They would have to deal with the difficult questions opened up by the Government's pledge for the restoration of Trade Union rules. Trade Union regulations are, in effect, an endeavour on the part of the workers to control the conditions of their industrial life. They deal with such questions as wages, hours of labour, overtime and Sunday work, apprenticeship and method of entry into an occupation, the kind of work to be done by different classes of workers, method of negotiation with employers, and other similar matters. In other words, they attempt to substitute for the supreme and autocratic control of the employer over the working lives of his employees (which before the days of Trade Unionism and the awakening of the public conscience on the matter led to grave injury to the community) a greater and greater degree of self-direction by the organised workers themselves through their representatives. But, hitherto, the Trade Unions have had no place in the administration of the industrial society, and such control as they have in the past obtained has been exerted from without and not from within. This is not the place to discuss the character and scope of Trade Union rules. It is, however, not unlikely that the changes brought about by the war will render some of the more important of them inapplicable ; in which case the

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nation will be able to fulfil its promise only by offering an alternative solution.

The conditions of such a solution would naturally form the subject of discussion in the joint bodies already suggested. No doubt they would first be discussed separately both by employers and by labour : and they will also have formed a subject of careful study, conducted, industry by industry, on the part of the Government. But the final adjustment of the problem, and the settlement of the conditions under which the nation is to be launched on its work of industrial reconstruction, can only be reached at a series of national conferences at which both sides are represented. It will be for the Government to convoke such conferences and to have its own schemes ; but only through an agreement of the representatives of the two parties can they be carried into execution and the nation be saved from drifting back into the precarious condition of "armed peace" which characterised British industrial life before the war.

There is no space here to develop these suggestions further : to indicate them is enough to show that there is a British alternative to Prussian methods of industrial regulation : that the adaptation to industrial life of the spirit and principles of our political institutions is judged by cool heads to be practicable : and that it is likely to develop, as British inventions do, through being tested by piece-meal experiments adapted to the peculiar conditions in each particular case. "Society is feeling the way," to quote Professor Ashley again, "with painful steps towards a corporate organisation of industry on the side alike of employer and employed : to be then more harmoniously, let us hope, associated together—with the State alert and intelligent in the background to protect the interests of the community." It should be the privilege of Britain to base that new corporate association on those principles which, as embodied in political institutions, we and our Allies are pledged to uphold. For, in the industrial

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field, as in the political, there is a clear conflict of spirit and principles between Prussianism and the Commonwealth: and we shall be false to ourselves and to posterity did we not strive, without haste yet without rest, to apply to our own domestic problems those very ideals, home-grown and familiar, yet sufficing, which our dead have entrusted to our keeping.

SOME CONSIDERATIONS AFFECTING ECONOMIC RECONSTRUCTION

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“IT is assuredly no small thing,” wrote Dr. Helfferich, the present German Finance Minister, a few years ago, when speaking of recent German progress in wealth, “when the perfection of technical equipment and the improvement of organisation and economic labour lift millions out of material misery to a manner of life satisfying to themselves and worthy of human beings. But it is infinitely more when the productivity of labour thus enhanced opens to millions and millions the door to the highest values of life.”

The spiritual values of life to which Dr. Helfferich refers in the last quoted words transcend the economic. Man does not live by bread alone. The unrest in the industrial world to-day has not its roots solely in poverty and want. There is something deeper still at work. The wage-earners are filled with a vague but profound sentiment that the industrial system, as it is now, denies to them the liberties, opportunities and responsibilities of free men. Into these questions, the most difficult of to-day's problems, the following pages do not pretend to enter. They are limited to a consideration of certain economic lessons which a study of the production and distribution of wealth forces upon us. These cannot be ignored. The spiritual values of life cannot be separated wholly from the economic. Misery, want and grinding toil are not the soil in which the highest human qualities can develop. Many social

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problems could be solved by more efficient production and the better distribution of the national wealth.

The war has revealed how greatly the strength of a nation depends on its industrial and commercial power, and already we feel instinctively the immense effort which every belligerent nation will put forward when peace arrives to be the first to re-establish on firm foundations its economic structure and to outstrip its competitors in production and in trade.

Beyond any question the most powerful influence necessary to the rebuilding of our economic strength is the harmonious co-operation of capital and labour and enterprise. Yet we are told that after the war the "class" warfare between them will be continued with redoubled vigour. That can but mean that output will be restricted, capital driven from the country, employment reduced and wages lowered.

It may be broadly asserted that the chief cause of unrest on the economic side is that the wage-earning classes do not get their fair share of the national income or national dividend, corresponding to the efforts and sacrifices they have to make. The wage-earning classes point to the immense wealth of the country, to the abounding prosperity of recent years of the upper classes, to the growth of luxury. Yet all this wealth and luxury exist side by side with a vast mass of poverty, with the existence of millions of our people below the "primary poverty line," unable or hardly able to earn sufficient to maintain a decent and healthy life for themselves and their children.

Certain statistical enquiries have been made of recent years into the distribution of the national dividend which throw much light on this situation. Professors Edgeworth, Cannan and Bowley, for instance, have divided the "occupied" population over the age of ten into three groups: first of all, the wage-earners, male and female, who are estimated to have numbered in 1909 15,300,000; secondly, an "intermediate" class, not wage-earners, and yet not

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income-tax payers—*i.e.*, a class whose individual earnings were in all cases below £160 per annum—consisting of over thirty different professions, such as clerks, teachers, farmers, shop-keepers, civil servants, doctors, clergy, etc., and numbering about 4,100,000; and thirdly, income-tax payers amounting to about 800,000. In addition there were something between 13,000,000 and 14,000,000 unoccupied persons, mostly women, who presumably on a whole lived on the earnings of the occupied. It is to be noted that, while domestic servants are treated as “occupied,” the wives of working men who perform many similar services are classed among the “unoccupied.”

The distribution of the national dividend of 1907 among these classes has been estimated as follows:—

	£	£ per head
15,300,000 wage earners earned	. 740,000,000	48
4,100,000 intermediate class .	. 325,000,000	79
800,000 Income-tax payers .	. 880,000,000	1,100
	<hr/>	
Total	£1,945,000,000	
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It will be seen, therefore, that the estimated national dividend for that year of £1,945,000,000—*i.e.*, the value of all the goods and services produced by the work of the whole nation—was divided in very unequal proportions. The wage-earners earned least per head; the intermediate class of clerical labour, farmers, shop-keepers, etc., earned a good deal more; and a comparatively small rich class vastly more. It has been estimated* that 11,500 super-tax payers divide between them in a year £145,000,000 of income, whereas the wages bill of the whole wage-earning population of 15,300,000 is, as stated, only £740,000,000.

The Census of Production gives the total national income for 1907 at £2,000,000,000. Of that, £400,000,000 was

* See *Journal of the Royal Statistical Society*, December, 1910, and *Economic Journal*, March, 1913.

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saved or went to replace capital. The remaining £1,600,000,000 represents only £80 per annum for each adult person. Another calculation * for the distribution of the national income for 1906 is as follows :—

	£
Rent of land and houses	200,000,000
Interest and profits on capital . . .	350,000,000
Received by professional and salaried classes and others who earned incomes which exceeded the income-tax limit . . .	350,000,000
Earned by all classes, whose income falls below the tax limit	1,000,000,000
Total	<u>£1,900,000,000</u>

These figures show that wages, salaries and other earnings in return for personal service amount to £1,350,000,000 out of £1,950,000,000, £1,000,000,000 being earned by persons whose total income is below £160 a year, and £350,000,000 by those whose total income is above that figure. Of the balance of £550,000,000, £350,000,000 represent interest on capital and profits of enterprises and £200,000,000 represent rent.

It is sufficiently obvious from these figures that the distribution of wealth is very unequal. It is also clear from other researches by Dr. Bowley, quoted in the last issue of *THE ROUND TABLE*, that a considerable proportion of the working classes of the British Isles live on or below the "primary poverty" line, or, in other words, find it hard to get the food, clothing and shelter necessary for a healthy life. In these circumstances it is natural and inevitable that there should be labour unrest. The restoration of harmonious relations, therefore, between capital and labour so necessary to the work of reconstruction, must depend largely upon removing these evils. This paper, however, will not attempt to propose any panacea. Its purpose is

* W. T. Layton. *Capital and Labour*. Collins.

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simply to put forward certain general considerations, on the economic rather than the social or political side of the problem, which people are inclined to forget or ignore, but which must be respected in any successful work of reconstruction, simply because they are true. It is also assumed that the existing order of society will remain in force for any length of time with which the practical work of reconstruction will be concerned. Whatever the far future may unfold, private property, with its concomitants of wages, salaries, profits, interest and rent, will continue for many a long year.

It is important to notice at the outset that "enterprise" is an element in industry as important as capital or labour. The greater a man's experience of finance, commerce or industry, the greater is the value that he is likely to attach to this element. "The old antithesis, capital and labour," said Mr. Charles Booth, in a pamphlet written three years ago, "has become more or less obsolete." There is a third element which is all-important. "Its position is entirely lost under the title of superintendence. The word 'enterprise' has been used, but it is also quite inadequate as a description. Forethought, guidance, the capacity to plan, the nerve to execute, the whole genius of mind and character, all this living source of human welfare and progress can hardly indeed be expressed in one word." . . . "So understood, enterprise, however maintained and controlled, is the dominant factor in every undertaking." . . . "The productive values, to be found in the workman's efficiency, great as they are, cannot compare with those which may be achieved by the bold use of capital, or follow the application of genius to enterprise." Wherever we look we see this truth exemplified. What determined the existence of the great cotton industry in Lancashire but the enterprise and ability of the English merchants and captains of industry? If we want examples in Germany, we have only to observe the unparalleled scientific development of agriculture there, as well as in Denmark and

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Holland, or the creation of the electrical and dyeing industries. The vast development of North America is due to the spirit of enterprise and boldness which permeates that continent through and through. In an older land like England enterprise is unable to find an equal opportunity or reward, when the country's resources in land, minerals, and so forth have been already largely exploited and developed. But it is still just as necessary, though it must take different forms. Enterprise in an old land must take the shape more of the organised application to industry of the latest developments of science in the production and distribution of wealth, and it must be fostered by means of the higher direction of industry, in the organisation of which so much requires to be done in this country.

But enterprise covers more than forethought, guidance and the capacity and nerve to plan on a large scale. It covers also the readiness of the capitalist, large and small, to risk his capital in ventures which he deems will be productive. The return, which capital obtains includes not only interest, but also consideration for risk of possible loss; and the more enterprising and venturesome the business, the greater that consideration must be.

It is essential, if national progress in wealth and trade is to continue, that the spirit of enterprise should constantly be renewed. If its reward here, as compared to the other countries, is small, and if there is no incentive to apply new ideas and new inventions, if the risk of failure, always a deterrent, is increased by the bad relations of Capital and Labour, then enterprise of every kind will diminish, and with it the growth of the national income. It is by the spirit of enterprise that both Capital and Labour are made productive.

But far the most fundamental principle to remember in all industrial problems is that the remuneration of Capital, Labour and Enterprise all come from one source, and one source alone, the product of their joint activities. However they may differ over the shares which each get out of their

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partnership, they have all to be paid from output. There is no other source. If inefficiency of management, restriction of output, want of enterprise, extravagance and mutual hostility diminish it, increase its cost, or retard its growth, there is so much less to go round, and either one party or all will suffer. On the other hand, by the harmonious co-operation of all parties, output is capable of almost indefinite expansion. It is a reservoir fed by the springs of genius, energy, efficiency, organisation and saving. The greater its expansion, the greater the share of wealth which is available to each party.

It is untrue therefore that the interests of Capital, Labour and Enterprise are essentially antagonistic. They have all one great interest in common—namely, that there should be the greatest output of useful and productive wealth with the least effort and sacrifice. Their interests in the division of that output are not identical. But if, in quarrelling over the distribution of wealth, they diminish its production, they must all suffer, and the community also.

It is the unfortunate result of present conditions that, when Labour revolts against what it feels to be the injustice of the whole industrial system, this fundamental economic truth is often forgotten. The production of wealth, which is considered to go in the main to enrich those who already possess enough, is resented and is looked upon as a positive evil. Wealth, it is true, may be evilly made and evilly spent. Its bad distribution is an evil. The selfish use of it by the capital-owning class is an evil. The power which its accumulation in a few hands gives to the individuals who possess it is rightly to be feared unless the use of that power and the misuse of wealth itself in the poisonous forms of luxury and ostentation is rigidly controlled by law or the force of public opinion. But wealth and capital themselves are nothing but the things we live on and by. They are the land, the roads, the railways, the factories, the machinery, the food, the houses, the stocks of raw and finished materials, by means of which alone the

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production of future wealth is made possible. These things, which represent our national plant, are the result of past savings. So the savings of to-day—that wealth which is not immediately spent and consumed by those to whom it belongs, and who have the power and liberty to spend it, if they so wish—is essential not only to the increase, but even to the maintenance, of our existing wealth. The wealth of a wealthy man, rightly used, helps to enrich the whole community. If savings ceased to be made, our plant would cease to be renewed and maintained, our stocks of food and raw materials would vanish, and industry and employment would come to a standstill.

The most valuable and most productive wealth of a nation, however, consists in the natural and acquired qualities of its people, in their health, strength, knowledge, skill, and character. If it is economically wasteful to let machinery and plant run into disrepair and desuetude, it is far more wasteful, both morally and economically, to let the standard of living of any section of the nation fall, and, by low wages or too great labour or failure to provide the means of proper education or bad housing, to stunt and warp the free and generous development of their faculties. It is this aspect of the economic situation which is the most disquieting. There is no doubt that we let the human capital of the nation, so to speak, go into disrepair and desuetude to a greater extent than we let the material. This is partly, no doubt, due to the fact that the disrepair of human capital is often the result of its own shortcomings. Often it does not look after itself, does not put out its full efforts, is not saving enough, neglects forethought and self-management. It is very recalcitrant material, recalcitrant not only from ignorance, prejudice and bad habits, but from independence of spirit too. But though some of the evil may be due to our bad traditions, to the defects of our qualities, it is none the less true that the human waste in industry in the British Isles is terribly great. The first principle of reconstruction

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must be to make most manual workers happier, better paid, better educated, as well as more efficient producers, than they are to-day.

On the other hand this cannot be done by diminishing the return which Capital obtains from industry to-day. The interest on capital and the profits of enterprise do not in themselves account for so large a proportion of the total national dividend as is often supposed. They amounted in 1906, according to the figures quoted above, to £350,000,000 out of a total of £1,900,000,000. If interest and profits were to be entirely abolished, and supposing, which is impossible, that the output of wealth remained the same, and, supposing further, that the whole amount accruing were to be divided among those earning less than £160 a year, the average earnings of the recipients would only be increased by one-quarter. It is not the rate of interest on capital which makes distribution so unequal so much as the accumulation of large amounts of capital itself in a few hands. In the great producing industries, at any rate, it is not the general rule that an exorbitant share of the output is secured by Capital.

Consider the analysis Sir Hugh Bell has recently made of his own costs. His firm makes steel, the raw materials for which are produced from his own coal and iron mines and limestone quarries. In every ton of steel made 70 to 75 per cent. of the cost goes as the wages of labour. There remains 25 to 30 per cent. for all other outgoings, including profit. The turnover on a steel business in this country about equals the capital invested. If his profit amounts to 10 per cent., of which 3 per cent. at least must go back into the business to maintain the works, he thinks himself lucky, and the 7 per cent. left must cover interest on his capital as well as the profits for his enterprise and risk. The remaining 15 to 20 per cent. goes to cover rates and taxes, railway freights and so forth, part of which again goes to labour.

"Out of what fund," as Sir Hugh Bell asks, "is he to

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pay a 10 per cent. increase in wages ? ” If he paid 10 per cent. more, he would have no profit at all and could not continue the business. The increase in wages, then, can only come from within, by greater efficiency in management or greater production per man. There are, no doubt, many businesses which have some monopoly value, where capital secures a greater return ; there are others where the return is less and the business is decaying. But except when abnormal conditions arise, as with shipping now, or when a monopoly or a patent exists, the picture given by Sir Hugh Bell is more or less applicable to industry in general.

It will be seen, therefore, that, unless the price paid by the consumer increases, which again will increase the cost of living, the wage-earners' share cannot be substantially increased by diminishing the share obtained by capital to-day. The real truth, indeed, appears almost a paradox. The more capital there is, the less it will get out of industry, and the greater the proportionate share which will be obtained by labour. And *vice versa*, the scarcer is capital the greater the injury to labour. Everything which tends to reduce the supply of capital, whether extravagance, incompetence, or lack of enterprise on the part of those possessing capital, both rich and poor, or whether restriction of output on the part of labour, or a general failure to save, acts to the disadvantage of labour. If capital grows less plentiful as compared to labour, or if the demand for capital, which is affected by world-wide conditions, grows at a greater rate than the demand for labour, which is in the main affected by home conditions, then the rate of interest will rise and capital will obtain a greater share of the total output. In the early nineties capital was plentiful, and the rate for money was only about $1\frac{1}{2}$ per cent. But between that date and 1913, owing to various causes, some of which will be mentioned later, the demand for capital has been continually increasing and the rate for money rose, at the later date, to, say

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4½ per cent. The return on gilt-edged securities during the same period rose by about 1½ per cent. ; in other words, since it has been calculated * that our industrial capital is about £6,000,000,000, an additional earning capacity of 1½ per cent. means that that amount of capital received in 1913 nearly £100,000,000 more than it would have in 1891, although it must be remembered that a rising interest rate means a fall in the capital value of existing securities. That sum is equivalent to something over 14 per cent. of the wages bill. It should be remarked that the scarcity of capital will be immensely intensified by the war, and the return obtainable by it correspondingly increased.

If, on the other hand, capital becomes plentiful, and labour relatively scarce, then the wages of labour will tend to rise, and the rate of interest to fall. Labour will, in fact, increase in value as compared with capital. Hence, the fact that the direct interest of the wage-earning classes is that capital should be accumulated as rapidly as possible.

If working conditions are such as to render labour ill-paid, ill-educated, and inefficient, or if restrictions of output and strikes and labour troubles of all kinds make the profitable employment of capital difficult in this country, or if the State, by ill-judged taxation, helps to crush capital and enterprise, or if the increase of capital by labour-saving invention is restricted, then either capital will flow from this country to other lands, where these drawbacks do not exist, and where often the profits of enterprise, even if other things were equal, would be much greater, or saving will be diminished.

It is sometimes said that capital cannot leave the country. The capitalist is asked how he will export his houses, mines, and workshops. True—fixed capital cannot leave the country. But that fixed capital, unless watered by copious streams of fresh capital necessary to maintain it in

* W. T. Layton. *Capital and Labour*.

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repair and reinforced by the accumulation of liquid capital in the shape of stocks of materials of all kinds, will rapidly become useless. If, therefore, the incentive to the saving and employment of capital in this country is too greatly diminished, capital will become scarce, employment and wages will diminish, and emigration increase.

But to show that anything which makes for the injury of any of the three elements in production reacts harmfully on the other two, and further that the greater the increase in the capital wealth of a country, the better for labour, is unfortunately to go a very little way toward the solution of the present discontents. However vital it may be that these economic laws should be understood, the efforts of Labour have too often been damped down by orthodox political economy not to be suspicious of it, nor are men really governed in their daily lives by economic principles. The advocates of the wage-earners may well say that it is insufficient to enunciate a few generalities. But what does the past teach us? It is to the interest of all, no doubt, that all parties should receive a fair reward for their labour and risk.

Labour may reasonably ask for answers to several pertinent questions. First of all they may ask whether no steps can be taken immediately to make the distribution of existing wealth more equal. In the second place, if that is impossible, can labour be assured that in relation to capital the wage-earning classes taken as a whole will in future get a proportionate share in any general increase of wealth due to greater efforts at production? In the third place, supposing that labour as a whole does get that proportionate share, can the individual workman be sure that he himself will reap the benefit in the form of higher real wages for his own increased effort? These three questions can be answered here only in the broadest way.

In the first place, while the present distribution of wealth is bad, it is useless to suppose that any "short cut" remedy to a better condition is possible. Any idea of wholesale im-

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provement by confiscation and redistribution is chimerical. To take from the rich in order to give to the poor is not a remedy. It is not charity which the poorer classes want, but proper living conditions in return for their labour. Moreover, the whole economic basis of society rests on private property and the sanctity of contract. Confiscation would cut at the root of all security, and would paralyse development. If the bases on which industry rests were destroyed, everything would shrivel up like a rent balloon. The machine would come to a standstill, and the output of wealth, on which the earnings of all of us depend, would cease. The unequal distribution of wealth is not caused mainly by capital or enterprise gaining an abnormally high return. It is doubtful whether the greatest fortunes are caused by the mere investment of capital or the normal profits of enterprise. Speculation, or a sudden change in conditions, like the effect of the present war on shipping, or the increase in the capital value of property, such as the property of a London landlord, or the ownership of a new patent—*e.g.*, a safety razor, or some article which millions use—or the possession of some monopoly or semi-monopoly are some among the countless ways in which fortunes are made. Human nature is too diverse and the conditions of existence too complicated ever to make even approximate equality of wealth possible. We might divide wealth equally on Monday: by Tuesday it would be unequal. This inevitable inequality tends for various reasons to become fixed. Money makes money, and to him that hath shall be given. Inequality once existing is more or less stereotyped by the laws of inheritance and the "caste" system, of which remnants are present to some extent in every stable society. It is the inheritance of fortunes, large and small, and the inequality of opportunity in the more or less rigid framework of society which mainly determine distribution.

The second question, whether labour as a whole is likely to benefit proportionately out of the increased production

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due to increased effort, can be answered somewhat more satisfactorily. Experience shows that the real wages of labour do tend to rise with the increase of wealth. Increase of wealth means increase of capital: the more abundant is capital, the less, as has been said already, the rate of interest it commands and its share of the total product. The greater, too, the efficiency of production, the lower will prices tend to be. In a statistical enquiry into conditions between 1881 and 1902 Dr. Bowley has shown * that for the groups of labour concerning which he had information average wages were 30 per cent. higher, average income of the population was 20 per cent. higher, prices had fallen 8 per cent. though rent had risen, and the regularity of employment had improved. Moreover, the consumption of the most important necessities of life had increased 20 per cent. Taking a period of seventy years up to 1900, Dr. Bowley expressed the progress in real wages as follows:—

AVERAGE REAL WAGES

as percentages of the level of 1900

Years .	1830	'40	'50	'60	'70	'75	'80	'85	'90	'95	1900
Real wages	45	50	50	55	60	70	70	72	84	93	100

Since then other statistics† have been published which seem to show that real wages declined between 1900 and 1912 by about 6 per cent.

Similarly Dr. Helfferich gives the following figures for Germany, showing the growth in income and income-tax payers:—

* Dr. Bowley. *National Progress in Wealth and Trade*. P. S. King & Co.

† *Journal of the Royal Statistical Society*, December, 1915.

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INCOME	1896		1912	
	Number of income-tax payers	Amount of income 000s omitted	Number of income-tax payers	Amount of income 000s omitted
£		£		£
44- 147 .	2,321,000	156·715	6,123,000	420·784
147- 294 .	215,000	42·843	548,000	105·098
294- 466 .	575,000	20·931	111,500	40·784
466-1,471 .	473,000	35·637	99,000	75·637
1,471-4,902 .	9,300	22·647	21,000	51·565
More than 4,902	1,700	19·558	4,500	53·627

These figures show how great has been the increase in the smaller earnings as well as the larger.

Unfortunately since 1900 there have been, as is shown by the decline in real wages mentioned above, counteracting influences, which have told against labour. If wages and prices and prices and the interest on capital are examined over long periods, certain broad movements are discernible.* For instance, from the fifties to the seventies prices rose rapidly, the rate of interest on capital rose, and wages rose still faster than prices. It was a period of very great development in wealth. From the middle of the seventies to the middle of the nineties prices fell, interest fell, but wages did not fall as much. Therefore, in both these periods real wages increased. Since 1900 prices have risen, interest has risen also, rapidly, but wages have failed to rise as much as prices. Therefore, real wages have declined. The output of wealth has not increased sufficiently to counterbalance the effects of the increase of population, the great output of gold and the dearness of capital.

* W. T. Layton. *Capital and Labour*.

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Apart from the increase of the working population, which has been great, two main influences seem to have been at work. In the first place, the output of gold has been very large indeed. As prices are measured in gold, an increasing supply of gold means, other things being equal, increasing prices. Whether the tendency of prices to rise has been increased by population increasing faster than the food which can be extorted from the earth without additional cost is an interesting subject of speculation. But, in any case, since wages never rise as fast as prices, this movement of prices has told heavily against the wage-earning class.

The second influence has been the great demand for capital through the rapid progress of new countries and the great development in inventions of all kinds. Vast supplies of capital have been exported from England and the rate of interest has risen rapidly. This has inevitably meant a greater demand for capital in this country as compared with labour. Capital has therefore secured a larger share in the total output of industry. The last ten or fifteen years have therefore been a period of great development and of great profit for enterprise, without any increase in the real wages of labour. The wage-earning classes, realising by the hard struggle that their real wages, instead of increasing, have been diminishing, have yet been ignorant of the fundamental causes of this unfortunate state of affairs. Those causes have not been under the control of statesmen, far less of the individual capitalist or employer. So long as gold is our standard of value, its increase will, other things being equal, raise prices. We might, it is true, shut down the Johannesburg mines, but we could not ensure that gold mines might not be discovered elsewhere, and we shall be subject to the disturbing influence of a change in the real value of our standard as measured in commodities, until we invent a self-adjusting method. Nor can statesmen or capitalists prevent the development of new countries or new inventions and the consequent demand for capital. The time no doubt will come when this great

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development will result again in falling prices and a slackening demand for capital and when wage earners and others with fixed incomes will score. But the war will have done much to retard it. Meanwhile it is clear that the quicker capital is accumulated, the less distant will it be.

These influences making the supply of capital scarce in relation to demand are of course heightened by any unnecessary and extravagant expenditure on the part of the rich, since all such expenditure reduces the amount of capital available for industry and tends to raise the rate of interest and reduce real wages.

These economic tendencies of late years, though they have resulted in a rapid development of the world, have thus had two unfortunate effects. Labour, suffering and not knowing why, is angered at Capital and is restricting its increase, thereby damaging its own interests, while the rich classes, able to receive a high rate of interest, if not at home, then abroad, were, before the war at any rate, tending more and more to extravagance and luxurious living.

But while it may be true that labour as a whole has gained by the increased output of wealth, it is not true that the individual workman is always able to make sure that he himself will gain by his own increased effort. The introduction of greater organisation, skill and efficiency, may result in increased profits, and capital and labour may share the increase together. But soon the fact of their making such profits will attract competitors, and the profits of both will be cut down or disappear. Suppose that certain piece rates are fixed and it occurs later that through increased aptitude and skill the workers working at these rates secure very high remuneration. The time will come when a competitor will start on the same work and obtain labour at rates reasonable enough to attract the labour he requires, but lower. Or it may be that such competition will come not from this country, but from abroad. The firm paying the exceptionally high rates will be handicapped

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and may be driven out of the business or be forced to lower both wages and profits. Again, men replaced by labour-saving machinery may usually find other jobs. Yet there may be and will be cases where this will either be difficult or impossible.

While it is true, then, that in a free market the cheaper and more efficient production of wealth, whether by men or machines, is in the long run in favour of the wage-earning class as a whole, regarded as consumers and actually indeed increases the ultimate demand for labour, the individual workman is often asked to work harder or make sacrifices, which, while beneficial for the community, are of doubtful or no value to himself, and which may sometimes have the fatal result of depressing his standard of life unless he is helped through the temporary period of dislocation. The invention of boot-making machinery has, it is true, resulted not in less but in vastly more labour being employed making boots, but that ultimate result must have been cold comfort for the old makers of boots by hand, whose labour was replaced and whose skill was suddenly made valueless.

Hence many restrictive practices of the Trade Unions. The Boilermakers' Union, for instance, have created a certain monopoly value for themselves. Their trade is one which can be fairly easily learned, yet the Union demands several years' apprenticeship before a member can enter it; in every other country pneumatic riveting, by which output is largely increased, is employed; but in this country the boilermakers themselves insist on hand labour. By their small numbers they can secure very high wages, without at the same time doing as much work as boilermakers elsewhere. It is easy to understand that this is a policy inimical to the interests of the community as a whole. In the long run it is no doubt inimical to the interests of the Boilermakers' Union, though their object in pursuing it is largely to keep employment regular. But it is not easy to show that by a more liberal policy each present individual boilermaker could be certain that his condition would be

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improved or even maintained. There would be a period of dislocation which must lead to some men at any rate being unemployed. The boilermaker, in fact, is pursuing the same policy as the capitalist, who obtains the best terms he can by demanding the best possible rate of interest, regardless of any other considerations. It is not therefore reasonable to expect that Labour will give up all its present opinions as to restriction of output, unless it feels some assurance that the owners of capital will play their part, and not simply use labour's increased efforts to enrich themselves.

Is it possible to draw any conclusions from these general considerations? First as to capital. The ownership of capital is a trust. It is not to be used regardless of all other consequences with the selfish aim of simply extorting the highest rate of interest it can obtain. It is not to the advantage of the community that it should secure all the extra benefits arising from the increased efficiency of labour. It is injurious that the owner of capital should assist industries, whether here or elsewhere, where conditions of employment are below a reasonable standard. Capital and enterprise are naturally concerned to develop the greatest production of wealth possible. Labour will have the same aim, if it shares as a partner in the proceeds. But it is not to be expected that if the wage-earners do not reap an extra reward for extra effort, that effort will be made.

Few owners of capital would be found to deny these assertions. Yet there is immense difficulty in applying them in practice. Private property in the form of shareholding or debenture holding is ownership, without the possibility of exercising the duties of ownership. The owner is divorced from his property. He knows nothing about it; he may not know where it is, he cannot control it; he is hopelessly ignorant of its management and its needs; his responsibility is divided with thousands of other shareholders or debenture holders. It is wholly impossible for him in 999 cases out of 1,000 to share individually in any

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responsibility for the use his property is put to. The actual responsibility for the use of all this capital devolves in reality upon the managers of the business, who may themselves be not interested financially at all. It is they who determine largely the conditions of labour. And it is they who are called on to hold the balance between the demands of labour and capital.

Yet their attitude to labour will be largely determined by public opinion. If the owners of capital as a whole recognise in all its implications that industry is a partnership, the growth of goodwill between capital and labour would make much possible that is not possible now. The claims of labour to an increased reward for increased effort would be recognised; it would be considered even more important to improve the conditions under which labour lives than it is to maintain and improve plant and machinery, necessary as the latter is too. It would be recognised that if employers fail in their duty they are in their degree acting like users of sweated labour, who profit out of the degradation of their fellow beings.

Much might be done by the education of the workers in any industry into its real problems and difficulties. The British working man is not envious or unreasonable by nature. He is suspicious of capital and capitalists now, because he has had reason to be. He is often suspicious because he is kept in the dark. If industry is to be in any sense a partnership, all the partners must know what is the real result of their common labours. If the true meaning of the figures given, for instance, by Sir Hugh Bell and quoted above were fully understood by his employees, they would know what was and what was not possible, and what was required of all the partners in the industry, if wages were to be increased. Questions of finance and credit often make complete publicity difficult, but much more might be done by employers taking their employees into their confidence and explaining to them the problems before them and the objects of their policy. If a policy of confidence

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were broadly and generally pursued the gradual education of the worker in the fundamental conditions of industry might be of immense value. The employing class as a whole in this country cannot be acquitted of a selfishness, a narrow-mindedness, a stubbornness, and a secrecy which has done much to create our present evils.

In many other ways a proper recognition of the duties to the community which ownership of capital involves would bring improvement. Public opinion would recognise the evil effects of extravagance, and the rich would come to see, to an infinitely greater degree than ever they have in this country, the enormous benefits which can accrue to the nation by the devotion of surplus wealth to educational and scientific projects on a large scale.

If a change of heart is needed by the owners of capital and by management, what of the workers? What does the idea of partnership in industry demand of them and of the Trade Unions? Trade Unions have been absolutely essential to labour. They are just as much needed now. And yet they have failed to fulfil the expectations which their advocates and founders hoped. Collective bargaining and Trade Union efforts to raise wages have met with only the most partial success. In the last fifteen years real wages, not measured in money, but in the things which money will buy, have, as has been shown, owing to rising prices and the dearth of capital, actually declined. The consequence is a sense of disillusionment among the working classes, anger against leaders, who seem to have failed, and intense bitterness against "capital."

The failure of Trade Unions in the economic sphere has been due in the main to causes over which neither they nor the employers have had any real control. But it is manifest that much of the Trade Union policy has aggravated and not softened the influences adverse to labour. It has been shown that Labour's direct interests lie in the increase of capital, in the rapid output of wealth, and in everything, therefore, that may lead up to that end, whether

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it be the development of individual efficiency, the higher organisation of industry, the higher development of education and technical skill, the free use of every labour-saving device, or the greatest possible harmony between all the elements in wealth production. Have the Trade Unions and their followers kept this end strictly before their eyes? Whether the fault lies at their door or not, have they not rather impeded than stimulated the production of wealth? Are not Mr. Charles Booth's words largely true? "Trade Union action has done nothing for the creation and little if anything for the wider distribution of wealth; it has rarely aimed at increasing the efficiency of labour, and has added nothing to the general prosperity upon the upwardness of which its other successes have been carried; while the methods by which its aims have been developed have often and without sufficient justification hampered industry, decreased employment, and increased the cost of production." The blame lies by no means wholly, perhaps not mainly, on the Trade Unions. The employers have often been narrow and selfish in the extreme and have driven the men into violent opposition. "But however the responsibility may be apportioned, the fact of serious economic loss, and still more serious social loss, to both parties and to the whole community remains." If our industrial troubles arise partly from the failure of the employer to think of the conditions of life of his employees, so long as he can make a profit out of their labour, they arise also out of the failure of the leaders of the Trades Union Movement to think of the problems and difficulties of the industries from which their members must draw their pay. Though Trade Unions differ greatly in their policy, restriction of output, "ca' canny," the repression of individual skill and special ability runs in diverse forms through them all, and has bitten deep indeed into the British working man. It has needed the blinding light of a great war to see how deep that instinct lies, and even war has not been able to eradicate it. This

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instinct to think that the amount of labour required is definitely limited and that the slower a man works, the more there is to go round, that labour-saving machinery reduces *pro tanto* the amount of work available, existed long before Trade Unions. To those ignorant of the true meaning of wealth it is fatally persuasive. And yet it is the direct contrary to the truth. Many a working man thinks that by restricting output he is giving himself and his fellows more employment. He is, indeed, injuring the capitalist so far as the latter cannot withdraw his capital and employ it in other lands. But he is injuring himself much more, and is directly reducing employment, instead of increasing it, and directly reducing instead of increasing the wealth out of which his wages can alone be paid. He is limiting capital and raising the rate of interest, impeding the employment of new capital and enterprise, decreasing the national income, decreasing the demand for labour and driving labour either to emigrate or to accept a lower standard of life. How is it that Germany, notwithstanding the vast increase in her population, has had for some years practically no emigrants? Obviously not by turning her back on organisation, efficiency, and labour-saving methods, but rather because by the vast increase in her output of wealth and by the intense application of science, energy, and invention to the production of wealth, she has found employment for all the increased numbers of her population. Every year she has been able to absorb an increase of 900,000 souls.

There is no question but that both in the United States and in Canada, and almost certainly in Germany, too, the value of a man's output is greater than in this country. If the figures of the United States Census of Production are compared with ours, the result shows that, for instance, in the trades producing textiles, clothing, gas, railway carriages, paper, food and drink the proportion of value produced per wage-earner in the United States is £545 as against £245 in the United Kingdom. These values

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may not be strictly comparable, because more capital per man is used in the United States, and interest to be paid thereon out of the gross profits is, therefore, greater than with us. For instance, the horse-power used per worker is in the United States 2,346 as against 1,182 with us. But they are probably sufficiently accurate as a general guide, and they show how greatly the output of wealth can be increased, and what a margin is available by greater effort for the capitalist, the wage-earner and the employer, or in the alternative for a reduction of prices to the consumer.

In conclusion, let us emphasise once more the fundamental truth, that wealth is created by work, and that the wages of labour and the profits of capital are paid out of the yearly output of work and out of nothing else. Four-fifths of the wealth consumed in every year is produced in that year. The basis of all improvement must, therefore, be increased output. It is no use looking to any other source for real improvement. As the example already given from the business of Sir Hugh Bell shows, the margin available from the value of the capitalist's share of the output for higher wages is often very small. To give another instance: only a few days ago the Chairman of Messrs. Cammell, Laird and Co., the great armament firm, showed that if a profit-sharing system of the normal type had been in force, whereby the balance of the divisible profits after allowing 5 per cent. interest on the share capital were divided with labour, it would not be possible to distribute among the wage-earners, excluding the salaried staff, as much as $1\frac{1}{2}$ per cent. on their wages. The Trades Union policy of restricting output is, therefore, disastrous not to the employers alone, but to the community and to themselves also. "Contracts become difficult: calculations are uncertain and unsafe: risks are multiplied: expenses increased. Long views become impossible: timely preparations for future occasions are barred: all arrangements must be made from hand to mouth. The

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cost of production is increased, and business expansion checked." The truth is that we are in a vicious circle. The Trade Unions fail to set their faces against restriction of output, and in favour of all measures for the greater efficiency of production, because they distrust the employers and believe that a process of speeding-up would merely increase the burdens of Labour without adding to its reward. The employers, on the other hand, become convinced that Labour is unreasonable, and harden their hearts. They forget and are often ignorant of the miserable conditions under which a large section of our people live. It may seem a lame conclusion to those who have faith in panaceas, but there is no doubt that the greatest step in advance, and, indeed, the prerequisite of any reform, would be a genuine attempt on the part of each side to understand the difficulties and ideas of the other. There is no simple panacea for all industrial ills. But one would, indeed, be a pessimist if one were to suppose that the present intense suspicion, which paralyses all efforts at a better understanding, is incurable.

THE GERMAN-AMERICAN SUBMARINE CONTROVERSY

THE present world-wide war, both in its outbreak and in its course, has demonstrated that the existing system of international regulations is out of harmony with a world whose parts have become so interdependent, both culturally and economically, as to constitute a real unity. The fundamental weakness of international law is that a violation of these inter-State regulations is deemed not an offence against the family of States—the inchoate world-community—but only an injury by the State immediately affected, and that the other States do not feel justified, much less bound, to take action against the offender. Furthermore, in many instances, the rules governing inter-State relations lack precision, and hence are a source of endless dispute. A signal, but far from isolated, exception to this vagueness are those regulations that concern the capture of vessels of belligerent nationality. These have become crystallised by centuries of virtually uniform practice.

Although its justification is attacked by some on the grounds of morals and policy, the legal right to capture private enemy property at sea is universally admitted. The procedure also has become clearly defined. Capture of an enemy merchantman merely gives possession, ownership passes only after the legitimacy of the seizure has been confirmed by a prize court. Consequently, a captured vessel must not be destroyed, but must be brought before a court

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for adjudication. To this normal rule there are exceptions, about which there is some diversity of opinion. For instance, if the captured vessel is unseaworthy, or if a prize crew cannot be spared, it may be destroyed. But whatever be the reason for the sinking of the seized merchantman, its passengers and crew, the ship's papers, and, if feasible, its cargo, must first be removed and must be sent before a court for the purpose of passing upon the lawfulness of the capture and its destruction. The salient facts are that destruction is the exceptional course, and that the invariable rule is that the lives of the passengers and crew of the captured vessel must be fully safeguarded.*

This procedure is firmly established in international usage, and is the basis of two of the four provisions of the epoch-making Declaration of Paris of 1856. The rules that provide for the immunity of neutral property under the enemy flag, and for that of enemy property under the neutral flag — contraband excepted — presuppose strict adherence to this procedure.

So fundamental a part of international law were these principles that the world greeted with considerable incredulity Admiral von Tirpitz's informal announcement toward the end of 1914 that Germany intended to use submarines to sink merchant vessels in the waters around Great Britain. That this was not mere *brutum fulmen* should, however, have been apparent because in the conduct of her land war, and less conspicuously in that on the sea, the old German maxim that *Kriegsraeson* supersedes *Kriegsmanier* had actually been extended by Germany to the abrogation of *Kriegsrecht* as well.† Some further

* The German instructions of August 3, 1914, provide that "before destruction all persons on board, if possible with their personal effects, are to be placed in safety." Cf. Robert Lansing to Ambassador Gerard, June 9, 1915.

† This means that military necessity supersedes both the usages and the laws of war. Cf. Hans Wehberg, *Capture in War on Land and Sea*, pp. 4, 5; T. Baty and J. H. Morgan, *War: Its Conduct and Legal Results*, pp. 166 ff.

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intimation of what was to come was furnished by the fact that, toward the end of January of 1915, two British merchant vessels were torpedoed without warning, and a few days later the hospital ship *Asturias* was attacked, but few expected such a complete denial of the well-established maritime code as was contained in Germany's proclamation of February 4, 1915.

I. THE SUBMARINE BLOCKADE

THIS proclamation and its accompanying memorial declare that the waters surrounding Great Britain and Ireland, including the entire English Channel, were a war zone, and that on and after February 18, 1915, every enemy merchant ship in this area would be destroyed, "although it may not always be possible to avert the dangers which may menace persons and merchandise." The neutral Powers were accordingly warned not to entrust their passengers, crews, and merchandise to such vessels. Furthermore, these neutrals were urged to recommend their vessels to steer clear of these waters, because, although instructions had been issued to abstain from violence to all neutral vessels recognisable as such, yet it would not always be possible to prevent a neutral vessel from becoming the victim of an attack intended for the enemy.

Although the legality of this measure has subsequently been upheld by Germany's official spokesman in the United States,* it was originally justified merely as a

* On March 8, 1916, Ambassador Bernstorff presented to Secretary Lansing a memorandum which, while admitting that this was a measure of reprisal, contended that Germany "chose for this purpose a new weapon the use of which had not yet been regulated by international law, and in doing so could and did not violate any existing rules, but only took into account the peculiarity of this new weapon, the submarine boat." This argument is completely untenable. If it were admitted, then a Zeppelin landing in a belligerent country and taking prisoners would be justified in killing them because of its inability to carry them off to captivity. Count von Bernstorff's proposition would lead to a complete nullification of the

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measure of retaliation for Great Britain's alleged illegal interference with neutral trade to Germany. In the main, but not wholly, this allegation was based upon the untenable hypothesis that the unratified Declaration of London expressed the accepted international law.*

The purpose of the German proclamation was to create such a reign of terror in what in the days of Selden were called "the British Seas" that vessels of neutrals and belligerents would be deterred from bringing supplies to England. It not only ignored all the well-established rules of capture at sea, but was tantamount to a paper blockade. Apart from its violation of the rights of the belligerents, it was a gross infringement of those of the neutral nations, as one of them, the United States, could not acquiesce in silence. On February 10, 1915, Secretary Bryan instructed Ambassador Gerard to address a note to the German Government calling attention to "the very serious possibilities" and "to the critical situation" that might arise were the German naval forces "to destroy any merchant vessel of the United States or cause the death of American citizens." In such an event it would be difficult for the Government of the United

rules of warfare whenever any new or old instrument was not adapted to its immediate purpose. The essential distinction was well emphasised by Senator Sutherland of Utah. As he pointed out: "The proposition now insisted upon, baldly stated, is simply this: that when a new engine of destruction is invented that cannot be made entirely effective without violating the law, the law is *ipso facto* automatically modified. Under these circumstances, my own view of the matter is that the new weapon must yield to the law and not that the law must yield to the new weapon."

* It is difficult to see how Germany can reconcile her own practice with her denunciation of Britain's so-called "starvation policy." On January 28, 1915, the *Prinz Eitel Friedrich* sank the American sailing vessel *William P. Frye*, bound for Queenstown, Falmouth or Plymouth, with a cargo of wheat. The German Government contended that this action was "quite in accordance with the principles of international law as laid down in the Declaration of London," since these ports "are strongly fortified coast places, which, moreover, serve as bases for the British naval forces." This wheat was therefore "to be considered as destined for the armed forces of the enemy," and hence was treated as absolute contraband, "pending proof of the contrary." Jagow to Gerard, April 5, 1915.

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States to view the act other than "as an indefensible violation of neutral rights," and it would be constrained to hold the German Government "to a strict accountability." It should be noted that this protest was based exclusively on the contemplated violation of neutral rights, that it was in the main confined to an assertion of the right of American vessels to traverse "the war zone" unmolested, and that but slight emphasis was placed upon the rights of American citizens on ships of belligerent nationality. In other words, although uncompromisingly explicit in its terms, the note was merely an assertion of purely American rights and only very indirectly could it be considered a vindication of public right.

On February 16, 1915, the German Government replied to this protest, pointing out in considerable detail to what extent, according to its interpretation of international law, England was employing illegal means to prevent foodstuffs and other supplies from reaching Germany. On this ground the war zone proclamation was again justified, and it was added that "neutral ships entering the closed waters in spite of this announcement . . . bear their own responsibility for any unfortunate accidents." It was, however, stated that the German submarine commanders had been instructed "to abstain from violence to American vessels when they are recognisable as such." In conclusion, a hint was thrown out that if the American Government could find a way to secure from the Entente Allies adherence to the Declaration of London so as "to render possible for Germany the legitimate supply of foodstuffs and industrial raw materials," the submarine blockade might be withdrawn.

As a result of this and other hints of the same nature, and also of some difference of opinion that had developed between the British and American Governments as to the propriety of a belligerent merchantman using neutral flags to evade capture, Secretary Bryan, on February 20, addressed identical Notes to London and Berlin, suggest-

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ing a *modus vivendi* based upon reciprocal concessions by the belligerents so that neutral ships might be relieved from the great danger incurred in the seas adjacent to the coasts of the belligerents. The suggested agreement prohibited the use of floating mines and greatly restricted that of anchored mines ; it interdicted the use by merchantmen of neutral flags as a *ruse de guerre*, and naturally the use of submarines against any merchant vessels except "to enforce the right of visit and search." Furthermore, Germany was to agree that all foodstuffs imported from the United States should be consigned to agencies designated by the American Government, and that these agencies should have full charge of their distribution to non-combatants. On its part Great Britain was to agree not to declare foodstuffs absolute contraband and was to permit such shipments under these conditions to Germany.

There is no basis for the statements frequently made, both officially and unofficially, that Germany accepted the substance of this proposal.* While ostensibly doing so, the German Government in reality suggested such alterations as would greatly have extended its scope. They declined to accept the suggestion about the use of anchored mines. But, what was more important, they asked that all merchantmen be unarmed and that they abstain from all resistance to submarines. Finally, and most significantly, they stated that, in addition to the importation of foodstuffs, the Entente Allies "would have to permit free entry into Germany of the raw material mentioned in the free list of the Declaration of London and to treat materials included in the list of conditional contraband according to the same principles as food and foodstuffs." In other words, Germany demanded that not only foodstuffs, but forage, clothing, railway material, fuel, lubricants, barbed

* In the formal statement issued March 8, 1916, Ambassador Bernstorff stated that "Germany on March 1, 1915, declared her willingness to comply with the proposal of the American Government." The date of the German reply was February 28, 1915.

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wire be freely imported under American supervision, but that no restriction whatsoever be placed upon the unimpeded importation of raw cotton, wool, rubber, metallic ores, and other raw materials necessary in supplying the needs of the Army. The conjoint effect of these two suggestions would have meant the virtual throttling of British sea power. And further, while the British Navy, under this proposal, was permitting these essential supplies to reach Germany, the German submarines, freed from the fear of resistance, would have been given an artificial strength in hampering the importation of contraband and other supplies into England.

The German reply was naturally known to the British Foreign Office, and on March 13, 1915, Ambassador Page received a Memorandum in which Sir Edward Grey pointed out that in view of its nature, in that Germany was not prepared to abandon anchored mines for offensive purposes nor "to abandon the practice of sinking British merchant vessels by submarines," no answer from the British Government would appear to be necessary. During this interval, however, the answer to the German measure was being prepared, and on March 15, 1915, the modified blockade was announced.

Thus this attempt of the United States to find a satisfactory compromise came to naught. In the meanwhile the submarine campaign had been inaugurated and was carried on with varying success during the following weeks. A number of vessels were sunk without warning and many non-combatants were killed in violation of the universally accepted regulations. While this was going on the American Government remained silent because no American vessels were attacked and no American citizens were injured. But from the very nature of this semi-blind warfare such immunity could not last long. Toward the end of March an American citizen was drowned when the *Falaba* was sunk. On May 1, 1915, the American steamer *Gulflight* was torpedoed, and two or three Americans lost

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their lives. Furthermore, a few days before this another American vessel, the *Cushing*, had been attacked by an aeroplane presumably of German nationality. While the State Department was considering these cases, news came of the torpedoing of the *Lusitania* on May 7 with the loss of over one hundred Americans. So intense was the public feeling at this gross outrage that the Administration had no alternative but to take immediate action.

II. THE "LUSITANIA" CONTROVERSY

ON May 13, 1915, the American Government addressed to Berlin a firm Note in which it called attention to the existing "grave situation" and clearly explained the impossibility of reconciling the submarine campaign with international law and morality. More explicitly than in the despatch of February 10, it maintained the established rights of American citizens on merchantmen of belligerent nationality, and again stated the purpose to hold Germany "to a strict accountability for any infringement of those rights, intentional or incidental." But, in addition, the Note was not confined solely to American rights, but it upheld as well those of other non-combatants, whether of neutral or belligerent nationality. Though somewhat vaguely expressed, there was implicit in it a protest against Germany's violations of law and of morality apart from their effect upon American citizens. In other words, the Note was a somewhat tentative advance from the protection of American rights under international law to the maintenance of the public right of the world itself. Its spirit was not purely national, but was largely international.

In addition the American Government took a sound position as regards the fundamental difficulty. It pointed out that the experience of the past two months had demonstrated that submarines from their very nature could not be used in the destruction of commerce "without

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disregarding those rules of fairness, reason, justice, and humanity which all modern opinion regards as imperative." More specifically, attention was called to the fact that the lives of non-combatants were not duly safeguarded when they were forced to rely upon "that poor measure of safety" afforded by small boats at the mercy of the sea.

In conclusion, the United States Government expressed its confident expectation that the German Government would disavow the acts complained of, that reparation so far as it is possible will be made "for injuries which are without measure," and that immediate steps will be taken to prevent "the recurrence of anything so obviously subversive of the principles of warfare." Furthermore, it was added that the United States will "not omit any word or any act necessary to the performance of its sacred duty" in maintaining the rights of its citizens. The Note was, in general, equivalent to a demand that Germany abandon the submarine campaign unless it were strictly confined to acts that did not jeopardise the lives of non-combatants.

Germany's preliminary reply, a fortnight later, did not bring the controversy nearer to a settlement, as an effort was made to becloud the issue by injecting into it the question of the right of merchantmen to carry guns and to resist capture. Seemingly, however, a distinct advance was recorded when, on June 1, 1915, Germany acknowledged liability for the attack on the *Gulflight*, and also, provided further evidence was forthcoming, for that on the *Cushing*. This was Germany's first definite recession from the position assumed in the original war zone proclamation. Hitherto the rights of American vessels in this area had not been recognised. The United States Government availed itself to the full of this acknowledgment of liability by Germany, and in its Note of June 9 construed it as equivalent to full recognition of "the principle of the freedom of all parts of the open sea to neutral ships." This Note then discussed the *Lusitania* case, and, without going into the merits of the question that Germany sought to raise by the

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demonstrably false allegation that this ship was armed, merely pointed out that there was no basis for the assertion. It called attention to the essential fact that "a great steamer, primarily and chiefly a conveyance for passengers, and carrying more than a thousand souls who had no part or lot in the conduct of the war, was torpedoed and sunk without so much as a challenge or a warning, and that men, women, and children were sent to their death in circumstances unparalleled in modern warfare." The fact that among the victims were many American citizens, the Note continued, made it the duty of the United States Government to speak, and it once more "with solemn emphasis" called the attention of the German Government to "the grave responsibility which the Government of the United States conceives that it has incurred in this tragic occurrence, and to the indisputable principle upon which that responsibility rests." Accordingly, the Government "very earnestly and very solemnly" renewed the representations of its first *Lusitania* Note and asked for assurances that American lives and American ships be safeguarded. Although somewhat milder in tone than its predecessor, this Note contained essentially the same demands. Its spirit was, however, far more national in that its chief insistence was upon American rights.

Germany took advantage of the milder tone of this Note to delay matters. Her tardy reply of July 8 once more defended the submarine campaign as a legitimate reprisal against Great Britain's interference with neutral commerce to Germany. The American interpretation of her acknowledgment of liability in the case of the *Gulflight* was not conceded, but a suggestion was made that, in order to exclude any unforeseen dangers to American passenger steamers, these be specially marked and reasonable notification be given of their sailing. But a guarantee was asked that these vessels should not carry any contraband. As to the principle at issue in the *Lusitania* case, the

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German Government stated its inability to admit "that American citizens can protect an enemy ship through the mere fact of their presence on board," and denied responsibility for injuries suffered by neutrals on ships of belligerent nationality in the so-called war zone.

This reply was naturally very unsatisfactory, and the United States Government in its Note of July 21 pointed out that it was so "because it fails to meet the real differences between the two Governments." It was then explained that no matter how valid or invalid might be Germany's complaint against the British blockade, she was not entitled to resort to reprisals that constituted "grave and unjustifiable violations of the rights of American citizens." It was further asserted that "the events of the past two months have clearly indicated that it is possible and practicable to conduct such submarine operations . . . in substantial accord with the accepted practices of regulated warfare," and the belief was expressed that the German Government will no longer refrain from disavowing "the wanton act" of its naval commander in sinking the *Lusitania* or from offering reparation, "so far as reparation can be made for a needless destruction of human life by an illegal act." In conclusion, Secretary Lansing pressed very solemnly upon the German Government "the necessity for a scrupulous observance of neutral rights in this critical matter," and pointed out that a repetition of such acts "when they affect American citizens" must be regarded by the Government of the United States "as deliberately unfriendly."

This Note manifests a marked change in the attitude of the United States Government in two fundamental matters. In the first place, the original contention that the submarine is not adapted for commerce destruction was abandoned. This change is all the more surprising as in two instances Germany had already officially admitted that the imperfect and limited vision of the submarine had led to grave mistakes. In the case of the *Gulflight*

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the statement was made that "the American flag was first observed at the moment of firing the shot." * In the case of another American steamer, the *Nebraskan*, which was also attacked by a submarine, the commander contended that no flag was hoisted, that there were no neutral markings, and that "in the twilight, which had already set in, the name of the steamer was not visible from the submarine." † An even more significant case was that of the *Orduna*, but the facts became known only after the American Note of July 21. In response to a request for information as to the attack on this Cunarder, which was carrying American passengers, the German Government informed Washington that, on July 9, 1915, a German submarine sighted a steamer which "was proceeding without any flag or neutral markings, and was taken for a small enemy steamer by the commander of the submarine, on account of the difficulty of observation caused by the unfavourable weather. The commander first decided to attack the steamer, submerged, and fired a torpedo at the vessel, which missed its mark." ‡

In the second place, the American Note of July 21 contained no trace of the international spirit of the original *Lusitania* protest. It was based solely upon American rights. This purely national spirit also dominated the practice of the State Department. During these interchanges of Notes no attention whatsoever was paid to the sinking of merchantmen of neutral or belligerent nationality with considerable loss of non-combatant life, provided no American citizen was injured. This was, obviously, in large degree a matter of chance, and it was inevitable that sooner or later more Americans would be killed. This happened on August 19, 1915, when the White Star liner *Arabic*, bound for New York, was torpedoed off Fastnet.

* Von Jagow to Ambassador Gerard, June 1, 1915.

† German Memorandum of July 15, 1915.

‡ German Memorandum dated September 9, published by the State Department, October 29, 1915.

The German Pledges

III. THE GERMAN PLEDGES

THE sinking of the *Arabic* inevitably produced a crisis, for an act had been committed which the United States Government had announced would be considered as "deliberately unfriendly." The German Government soon realised the gravity of the situation. On September 1 Ambassador Bernstorff wrote to Secretary Lansing, confirming their conversation of the same day, and stating that his instructions concerning the answer to the American Note of July 21 contained the following passage: "Liners will not be sunk by our submarines without warning and without safety of the lives of non-combatants, provided that the liners do not try to escape or offer resistance." This was forthwith uncritically hailed by a considerable section of the American Press as a great diplomatic triumph, and this misapprehension was further intensified by Secretary Lansing's strange comment that "it appears to be a recognition of the fundamental principle for which we have contended."

The ensuing widespread satisfaction in America was, however, very short-lived, for in its Note of September 7, 1915, the German Government alleged that the *Arabic* had attempted to attack the submarine, and, furthermore, it refused "to acknowledge any obligation to grant an indemnity in the matter, even if the commander should have been mistaken as to the aggressive intentions of the *Arabic*." At this time, also, further doubts were raised as to the good faith of Germany by the torpedoing of the *Hesperian*.^{*} The renewed tension was reflected in President Wilson's solemn words:

^{*} The German Government claimed that a mine was the responsible agent and that the facts seem "to exclude almost absolutely the possibility that a German submarine could under any circumstances have been concerned in sinking the British passenger steamer *Hesperian*." The United States naval experts, to whom was referred for examination a piece of metal that had been picked up on the deck of the *Hesperian*, reported that it was part of a torpedo. The State Department so announced on October 30, but as the *Hesperian* had been attacked on September 4, this late decision could not influence the course of the negotiations.

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We are all hoping and praying that the skies may clear, but we have no control of that on this side of the water, and it is impossible to predict any part of the course of affairs.

Again the skies cleared. The *Arabic* crisis was ended on October 5, 1915, when Count von Bernstorff wrote to Secretary Lansing that the orders issued to the submarine commanders had been made so stringent as to preclude a recurrence of incidents like the *Arabic* case; that the German Government regrets and disavows this act and is prepared to pay an indemnity for the American lives lost.

Despite the fact that these assurances were extremely limited, the State Department accepted them provisionally. In the meanwhile the submarine activity in the waters around Great Britain had almost ceased. In the Mediterranean, however, a fresh campaign was being conducted, apparently both by German and Austrian submarines. During its course the *Ancona*, bound for America with American citizens, was sunk on November 7, 1915, under circumstances of unparalleled brutality. After carefully investigating the facts, the United States addressed, on December 6, a sharp Note to Austria-Hungary characterising the act "as wanton slaughter" of defenceless non-combatants and demanding its official denunciation as illegal and indefensible, the punishment of the officer responsible, and reparation by indemnity for the Americans who had been killed or injured. After an evasive reply from Austria-Hungary, these demands were repeated, and it was pointed out that the Austrian statement itself proved that the submarine commander had "wilfully violated the recognised law of nations and entirely disregarded those humane principles which every belligerent should observe in the conduct of war at sea." The Austro-Hungarian Government saw that the situation was serious, and, finally, in its Note of December 29, 1915, stated that the guilty officer had been punished, and that indemnities would be given for the Americans killed and injured.

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While reserving "the right to bring up for discussion at a later period the difficult questions of international law connected with submarine warfare," the Note expressed substantial concurrence with the American view "that hostile private ships, in so far as they do not flee or offer resistance, may not be destroyed without the persons on board having been placed in safety."

Within a few hours of the receipt of this pledge, news arrived of the sinking, on December 30, of the Peninsular and Oriental liner *Persia*, with the loss of Robert N. McNeely, the American consul at Aden. Although the facts were and still are not clear, since Germany, Austria-Hungary, and Turkey have all denied that one of their submarines was responsible, grave doubt was thrown by this occurrence upon the value of the pledges given by the Central Empires. Ambassador Bernstorff, however, again allayed the excitement. On January 7, 1916, Secretary Lansing announced that new written guarantees had been given by the German Government to the effect that, from the beginning, German submarines in the Mediterranean had been instructed "to conduct cruiser warfare against enemy merchant vessels only in accordance with general principles of international law," and that measures of reprisal, "as applied in the war zone around the British Isles, were to be excluded." Consequently, these assurances continued, German submarines in the Mediterranean are permitted to destroy merchantmen, "passenger as well as freight ships, as far as they do not try to escape or offer resistance—only after passengers and crews have been accorded safety."

During these recurring crises the *Lusitania* dispute had not been lost sight of. When the *Arabic* case was settled, it was decided to abandon the cumbersome method of exchanging Notes and to transfer the negotiations about the *Lusitania* case to Washington. But slow progress was made, as the German Government declined to acknowledge the illegality of the torpedoing of this ship. This refusal

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was, in part, due to a desire "to save her face," but apparently it proceeded also from a recognition of the fact that such acknowledgment would in effect be equivalent to a confession of liability, under the Declaration of Paris of 1856, for some considerable part of the cargoes destroyed in the submarine campaign. Finally, after much tedious negotiation, during which at one time the outcome hinged upon a single word, a formula satisfactory to both parties was adopted. Although its precise terms have not as yet been officially published, their general nature is well known. Germany, while considering reprisals legal, admitted that the attack on the *Lusitania* was an act of retaliation which was not justifiable in so far as it involved the lives of neutrals. Accordingly, Germany not only agreed to pay an indemnity for the American lives lost, "as an act of liability," but also promised guarantees against a repetition of the case. But before this agreement had been definitely concluded, Germany in February of 1916 announced a new policy toward armed merchantmen which vitiated the pending agreement and reopened the entire submarine controversy. Consequently the United States refused to proceed further with the *Lusitania* settlement.

A survey of the submarine controversy up to this time reveals the following fundamental facts. Austria-Hungary had, in general, agreed to abide by the existing regulations, and Germany had made a similar declaration in so far as the Mediterranean was concerned. In the so-called war zone around the British Isles, Germany had merely limited her pledges to "liners" that did not resist nor attempt to escape. Furthermore, Germany had not directly admitted that American merchantmen could proceed in this zone without fear of sudden attack. She had merely acknowledged liability in such cases.

Obviously, this arrangement differed considerably from the original contentions of the United States. The international spirit of the first *Lusitania* Note had gradually disappeared in the course of the protracted negotiations.

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Similarly, the initial view that submarines were by the very defects of their qualities unfitted for the destruction of commerce had been relinquished, despite the fact that experience had fully demonstrated its validity. Moreover, although the United States had maintained that the measure of safety afforded by small lifeboats was not that demanded by international law, and although Germany in another connection had at this time admitted this contention,* yet no definition of the safety to be accorded to Americans on ships of belligerent nationality was demanded. Likewise the meaning of the term "liner" was left vague, and it was evident that, in case of dispute, Germany would restrict and the United States would expand its meaning.† Finally, the proposed *Lusitania* settlement, especially in that "no naval commander had been rebuked or punished for an act of almost unprecedented barbarity in naval warfare," was in the eyes of many Americans incommensurate retribution for "injuries without measure."

In general, however, it should be pointed out that the inconclusive and vague German pledges were accepted at a time when the submarine campaign was at a standstill. During the five months from October of 1915 on, but very few vessels were torpedoed, and under these circumstances it probably seemed inexpedient, if not academic, to the

* During the negotiations about the sinking of the American vessel *William P. Frye*, the legitimacy of which was to be determined both by general principles of international law and by the special Prussian-American treaties of 1785, 1799 and 1828, Germany admitted that the persons found on board an American ship carrying contraband "may not be ordered into her lifeboats except when the general conditions, that is to say, the weather, the condition of the sea, and the neighbourhood of the coasts, afford absolute certainty that the boats will reach the nearest port" (Von Jagow to Gerard, November 29, 1915, made public January 8, 1916). Already before this, in the case of an American bark with contraband, the vessel was allowed to proceed by its German captor, because "it was impossible to guarantee that the crew would be surely rescued in the small boats if the ship were sunk" (German Memorandum of September 9, 1915, made public October 29, 1915).

† That President Wilson was under no illusion that Germany meant by this expression more than mere passenger ships is evident from his speech before Congress of April 19, 1916, and from Secretary Lansing's despatch to Ambassador Gerard of the same day.

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Washington authorities to press for an explicit definition of the terms "liners" and "safety." But failure to do so, though technically not waiving American rights, weakened the American case. It also had other unfortunate consequences. On the one hand, it gave many Americans the false impression that the pledges were fully satisfactory and that a diplomatic triumph had been scored. On the other hand, Germany became convinced that the United States did not mean what the sentences of the *Lusitania* Note said. This conviction had been strengthened by President Wilson's unfortunate phrase about a nation being "too proud to fight," and by Secretary Bryan's perniciously indiscreet intimation to the then Austro-Hungarian Ambassador, Dr. Dumba, that the first *Lusitania* Note meant less than it said. What was in great part merely forbearance, a desire to look at the question from the opponent's standpoint and not to press him too hard provided the injuries ceased, was interpreted to be merely weakness. German diplomacy knows no such methods, and, when they are employed, misinterprets them. Hence, when a fresh supply of submarines was ready, Germany announced a new campaign under conditions that would have nullified even the limited pledges given to the United States. From March 1, 1916, on, all armed merchantmen were to be sunk without warning.

IV. ARMED MERCHANTMEN

THE announcement of this new submarine campaign raised again the question of the status of armed merchantmen. At the very outbreak of the war this had already been decided by the State Department in accordance with Anglo-American precedents and principles.* On August 9, 1914, the British Chargé d'Affaires at Washington

* The documents in the case are to be found in Department of State, European War, No. 2, pp. 37-46.

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wrote to the Secretary of State that "a certain number of British merchant vessels are armed, but this is a precautionary measure adopted solely for the purpose of defence, which, under existing rules of international law, is the right of all merchant vessels when attacked." After pointing out that the British rule did not permit the conversion of merchantmen into men-of-war on the high seas or in any foreign port, he contended that neutral Governments could not either intern or order the immediate departure of British armed merchant vessels, since they were neither actual nor potential men-of-war. In the meanwhile Sir Cecil Spring-Rice had arrived at his post, and on August 25, 1914, acting upon instructions from Sir Edward Grey, he gave "the fullest assurances that British merchant vessels will never be used for purposes of attack, that they are merely peaceful traders armed only for defence, that they will never fire unless first fired upon, and that they will never under any circumstances attack any vessel."

The Department of State contented itself with a mere acknowledgment of these Notes. Shortly afterwards, however, two British merchantmen carrying guns arrived in the United States, and it was realised that the arming of such vessels was likely to raise difficult questions for the United States Government in enforcing the neutrality of its ports. Upon this being brought to the attention of the British Government, Sir Cecil Spring-Rice informed the Secretary of State, on September 4, 1914, that his Government "hold the view that it is not in accordance with neutrality and international law to detain in neutral ports merchant vessels armed with purely defensive armaments"; but, in view of the fact that the United States Government was detaining merchantmen armed for offensive purposes, and "in order to avoid the difficult questions of the character and degree of armament which would justify detention," the British Government had made arrangements for landing the guns of one of the two vessels in question, the other having already departed.

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A few days thereafter the British Embassy sent to the State Department a remarkably able memorandum upholding the British view on historical and legal grounds. Especially noteworthy was the clearly defined distinction between offensive and defensive armaments :

They consider that only those merchant ships which are intended for use as cruisers should be treated as ships of war, and that the question whether a particular ship carrying an armament is intended for offensive or defensive action must be decided by the simple criterion whether she is engaged in ordinary commerce and embarking cargo and passengers in the ordinary way. If so, there is no rule in international law that would justify such vessel, even if armed, from being treated otherwise than as a peaceful trader.

On September 19, 1914, ten days later, the Department of State issued a memorandum defining the status of armed merchantmen visiting ports of the United States. It held that " a merchant vessel of belligerent nationality may carry an armament and ammunition for the sole purpose of defence without acquiring the character of a ship of war." The presence of such armament, however, it was further explained, creates the presumption that it is intended for offensive purposes, but this presumption may be overcome by evidence to the contrary, and such evidence " must be presented in each case independently at an official investigation." Indications that the armament is not offensive in nature are afforded when the guns are few in number, small in calibre, and are not mounted on the forward part of the vessel ; when the quantity of ammunition is small and the crew is the regular one ; when the vessel clears for its usual port and takes on board only the normal and necessary supplies ; when the cargo is of a mercantile character and the vessel carries non-combatant passengers, particularly women and children.

On the arrival of an armed merchantman, the port authorities were instructed to report these details to Washington. Thus in every instance an extensive examination was required. This was extremely burdensome.

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Accordingly, for this reason and also because "the circumstances of a particular case may be such as to cause embarrassment and possible controversy," the United States Government, "while frankly admitting the right of a merchant vessel to carry a defensive armament, expressed its disapprobation of a practice which compelled it to pass upon a vessel's intended use."

Thus Great Britain and the United States were in complete accord as to the principle involved, and the American Government merely expressed disapprobation of the practice since it involved the assumption of onerous responsibilities. Although the British distinction between offensive and defensive armaments was more clear-cut, there was no essential divergence of view. Furthermore, the right of a merchantman to defensive armament was not in the slightest degree impugned. This was further made manifest in a diplomatic passage at arms with Germany.

The German view is radically different from that of England and America, and this opposition is traceable to a disagreement in their respective theories of war. The generally current conception of war as an armed contest between States, which first found clear expression in Rousseau,* has led to the valuable distinction between combatant and non-combatant. The English-speaking peoples have adopted this view, but, in addition, they have always contended that the relation of enmity exists likewise between the private citizens of the belligerent States.† Germany, on the other hand, has rejected this contention and has pushed Rousseau's doctrine to its logical extreme. When this is done, it leads straight, as Sir Frederick Pollock has pointed out, to "the monstrous proposition that no one not specially authorised by the State may

* "La guerre n'est donc point une relation d'homme à homme, mais une relation d'état à état, dans laquelle les particuliers ne sont ennemis qu'accidentellement, non point comme hommes, ni même comme citoyens, mais comme soldats." *Du Contrat Social*, livre I, chap. iv.

† Oppenheim, *International Law* (2nd ed.), ii, pp. 63, 64.

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defend his own homestead against an invader."* The unreserved acceptance of this doctrine by Germany explains Reventlow's vehement denunciation of "the treachery" of those civilian Englishmen who were reported to have fired at Zeppelins raiding their countryside. According to the German view, the non-combatant, whether on land or sea, commits a crime in resisting the armed and organised forces of the enemy State. His duty is one of mere passive submission. Hence, logically, a merchant leviathan must unquestioningly submit to an insignificant motor-boat of the enemy forces. It follows inevitably that an armed merchantman is a contradiction in terms. If it carries armament, it must be a man-of-war and be treated as such. This doctrine Germany now sought to impose upon the United States.

On October 15, 1914, Ambassador Gerard transmitted a reply from the German Foreign Office to the American Memorandum defining the status of armed merchantmen. Therein the German Government stated that the American ruling "wholly fails to comply with the principles of neutrality," and that resistance by a merchantman "is contrary to international law, because in a military sense a merchant vessel is not permitted to defend itself against a war vessel." Such armed merchantmen, it was further contended, should receive the same treatment in neutral ports as regular warships, and the distinction between defensive and offensive armaments is "irrelevant."

In a vigorous reply of November 7, 1914, signed by Robert Lansing as Councillor of the State Department, the American Government once more upheld the Anglo-American view, stating that :

The practice of a majority of nations and the consensus of opinion by the leading authorities on international law, including many German writers, support the proposition that merchant vessels may arm for defence without losing their private character and that they may employ such armament against hostile attack without contravening the principles of international law.

* *History of the Science of Politics*, p. 75 n.

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Thus the American Government went unqualifiedly on record to the effect that merchantmen were entitled to carry defensive armament without forfeiting their non-combatant status, and, furthermore, that they had the right to resist capture. The criteria adopted for distinguishing between offensive and defensive armaments were based upon common-sense principles and were in general conformity with those defined over a century ago by the intellectual guide of the present Democratic Party. In 1793 Jefferson wrote :

Though she (a merchant ship) has arms to defend herself in time of war, *in the course of her regular commerce*, this no more makes her a privateer than a husbandman following his plow in time of war, with a knife or pistol in his pocket, is thereby made a soldier.

Here the subject rested for some time. As the Seven Seas were cleared of German cruisers, there was no necessity of arming the merchantmen of the Entente Allies, and the United States was freed from what would have been the onerous obligation of close scrutiny in each case. But during the exchange of Notes about the submarine blockade and the *Lusitania* case, Germany on a number of occasions advanced the argument that armed merchantmen could not be considered as "undefended territory," and hence might be sunk without warning.* The United States, however, refused to be drawn from the main issue into a further discussion of this question, merely pointing out that the statement that the *Lusitania* was armed was wholly false.

Early in 1916, just when the protracted *Lusitania* negotiations were nearing some definite settlement, this question was revived. As a result of the ruthless submarine campaign in the Mediterranean, British and Italian ships traversing those waters were being armed. In January several Italian steamers with mounted guns arrived at New York. All of these were allowed to clear after assu-

* See the German Notes of February 16, 28, May 10, 28, July 8, 1915.

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rances had been given by the Italian Ambassador that their armament was intended solely for defensive purposes. At the same time, it appears, the State Department was informed that the Teutonic Powers intended to differentiate between armed and unarmed merchantmen, and to sink the former without any warning. This promised grave complications for the United States, and, in order to obviate them, Secretary Lansing, on January 18, 1916, suggested to the belligerents what seemed to him to be "a reasonable and reciprocally just arrangement."

In brief, the proposal was that the practice of arming merchantmen should be completely abandoned, and that submarines should conform strictly to the recognised rules in stopping and searching vessels and in removing those on board to a place of safety before the destruction of the prize. This proposal was supported by the statement that a belligerent should not "be deprived of the proper use of submarines in the invasion of commerce, since those instruments of war have proved their effectiveness in this practical branch of warfare on the high seas." But such proper use, it was argued, was impossible if merchantmen were armed, because even a small gun is effective against a submarine. And, the argument continued, as such armament on merchantmen had been intended merely for defence against pirates, sea-rovers, and privateers, and as these no longer infested the seas,

consequently the placing of guns on merchantmen at the present date of submarine warfare can be explained only on the ground of a purpose to render merchantmen superior in force to submarines and . . . any armament, therefore, on a merchant vessel would seem to have the character of an offensive armament.

The proposal concluded with a warning to the effect that the United States Government

is impressed with the reasonableness of the argument that a merchant vessel carrying armament of any sort . . . should be held to be an auxiliary cruiser and so treated by a neutral as well as by a belligerent Government.

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Several features of this remarkable document demand special notice. In the first place, the United States again departed from its original position, and explicitly asserted that the submarine had acquired a legitimate position in warfare against commerce. Further, Secretary Lansing proposed the disarmament of all merchantmen in order to compensate for the weakness of the submarine.* This involved the abandonment of a long-standing American principle which was based upon important considerations.†

In addition, this proposal conflicted with the original criteria adopted by the United States in deciding between offensive and defensive armaments, in that it considered solely the size of the guns and totally ignored the more essential considerations of the character of the voyage and cargo and the nature of the crew and passengers. Furthermore, although Mr. Lansing had himself signed the Note of November 7, 1914, in which the right of a merchantman to resist capture had been vigorously upheld, he now overlooked this right and asserted that "an enemy merchant vessel when ordered to do so by a belligerent submarine should immediately stop." In this, as well as in other respects, the proposal marked a distinct departure from Anglo-American views, and an acceptance of German theories. Finally, there was seemingly no realisation of the fact that the effectiveness of submarines against commerce would be immeasurably increased if these fragile craft were freed from all fear of attack, and that, conse-

* Already on a prior occasion he had stated that the existing rules of naval warfare had evidently not taken the submarine into account. But he then added that it was the duty of belligerents to adapt new circumstances to immutable principles (Lansing to Gerard, July 21, 1915).

† The right of a merchantman to armament is not solely based, as was contended, upon an imaginary need of protection against pirates, sea-rovers, and privateers. One vital fact was forgotten. Under the Hague Convention VII of 1907, the right to convert merchantmen into cruisers was fully recognised. If merchantmen did not have the right to defensive armament, such converted cruisers would be able to play untold havoc. This had been demonstrated in the opening months of the war. Just when Secretary Lansing made this argument, the exploits of the *Moewe* proved its invalidity.

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quently, it was highly improbable that the proposal would commend itself to the Entente Allies.

The effects of this revolutionary proposal were most far-reaching and unfortunate. While it was, from the very outset, doomed to rejection by the Entente Allies, it encouraged the Teutonic Powers in their plan to sink all armed merchantmen without warning. On February 11 the United States was officially notified that such would be the practice after March 1. As this vitiated the pledges given by the Central Empires, Secretary Lansing informed Ambassador Bernstorff that the United States could not accept the *Lusitania* settlement until guarantees had been given that in the future the submarine warfare would not imperil Americans on the high seas. As the *modus vivendi* proposal had been rejected, existing international law governed the situation; but it is patent that the case of the United States had been fundamentally weakened by Secretary Lansing's virtual concurrence in the German view that armed merchantmen were not distinguishable from warships. Not only did the proposal of January 18 add greatly to the difficulty in dealing with Germany, but it caused considerable confusion of thought throughout the United States and gave added strength to the many elements in Congress opposed to the President's policy.

There the situation was getting beyond control. A large number of the members of both Houses, probably a majority, were ready to pass a resolution warning Americans off armed ships of belligerent nationality. Before action was taken, on February 24, 1916, President Wilson wrote to Senator Stone, Chairman of the Committee on Foreign Relations, that he was right in assuming that everything would be done to keep the United States out of war, but that the course announced by the Central Empires seemed to threaten insuperable obstacles, since its apparent meaning was "inconsistent with explicit assurances recently given us by those Powers." In his further efforts to retrieve the situation the President added that no nation had the

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right while war was in progress to alter or to disregard the principles which all nations had agreed upon, and that to forbid Americans to exercise their rights would be an implicit acquiescence in the violation of the rights of mankind everywhere. "For my own part," he further wrote :

I cannot consent to any abridgement of the rights of American citizens in any respect. The honor and self-respect of the nation are involved. We covet peace, and shall preserve it at any cost but the loss of honor.

This letter checked the insurgents. But, in the meanwhile, the Administration was realising that the report of divided counsels in Congress was making Germany obdurate, and accordingly, a few days later, he asked for a vote in both Houses on the resolutions warning Americans off armed merchantmen. On March 3 the Gore Resolution was "tabled" in the Senate by a vote of 68 to 14, and a few days later the House took like action with the McLemore Resolution by a vote of 276 to 142.

The significance of these votes is far from clear. The meaning of that in the Senate was completely obscured by a parliamentary trick. In general, they merely signified a determination on the part of Congress not to interfere with the President's constitutional right to conduct foreign affairs. In so far as these votes are supposed to indicate the opinion of Congress on the merits of the resolutions themselves, the record is distinctly misleading. The speeches in both Houses demonstrated a wide diversity of opinion, and this confusion was reflected in the popular mind. No clear line was drawn between non-combatant and combatant vessels, and merchantmen of belligerent nationality were termed enemy ships and were confused with men-of-war. The distinction between offensive and defensive armaments had become blurred. Above all, the fundamental fact was lost sight of that, as a rule, the submarine must, on account of its limitations, strike first

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and then justify its action by facts subsequently disclosed. In this confusion of opinion very many echoed the sentiments of the Congressman who said, "The question is, will you go to war on what Mr. Lansing says is a doubtful right?"

The Administration, in the meanwhile, did not change its port regulations, and armed merchantmen were admitted and granted clearance. Its policy was to abide by the established rules of international law and to await further developments. But at this time the State Department prepared a comprehensive memorandum clearly defining its interpretation of these rules.* Therein it was stated that, as all enemy property at sea is subject to seizure, and as the only means of avoiding loss is by flight or successful resistance, consequently merchantmen have the right to arm for self-protection. "The right to capture and the right to prevent capture are recognised as equally justifiable." Furthermore, merchantmen of belligerent nationality armed solely for protection "are entitled to enter and leave neutral ports without hindrance in the course of legitimate trade." But, in order to protect itself from the charge of unneutral conduct, the neutral must determine "from all the circumstances of the case" the non-combatant character of the vessel. But, while a neutral Government may proceed on the assumption that the armament is for aggression, "a belligerent should proceed on the presumption that the vessel is armed for protection." A belligerent warship must determine the status of an armed merchantman, and the determination "must rest in no case upon presumption, but upon conclusive evidence." In the absence thereof the belligerent should "act on the presumption that an armed merchantman is of peaceful character." Hence the presence of armament on a merchant vessel is not sufficient reason for a belligerent "to attack it without regard to the rights of the persons on

* This memorandum is dated March 25, and was published on April 26, 1916.

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board." Finally, it was held that "a merchantman entitled to exercise the right of self-protection may do so when certain of attack by an enemy warship, otherwise the exercise of the right would be so restricted as to render it ineffectual." This memorandum showed that the Administration had again returned to the safe haven of international law. But, as the document was not made public until the end of April, the perplexity and confusion created by the unfortunate *modus vivendi* proposal of January 18 still dominated the public mind when the new German submarine campaign was being inaugurated.

V. THE NEW CAMPAIGN

CONTRARY to general expectations, the renewed controversy between the United States and Germany that arose from the new submarine campaign did not in any way hinge upon the status of armed merchantmen. Hence the people were not divided to the extent that they would have been had this been the case. Toward the middle of March the German submarines began to run amuck and merchantmen, of neutral as well as of belligerent nationality, whether passenger steamers or freighters, whether sailing to or from England, whether armed or unarmed, were indiscriminately sunk. In many instances no warning was given, and in others the crews were placed at the mercy of sea and wind in small boats though the nearest land was several days distant. The most conspicuous, if not the most flagrant, outrage was the attack on the Channel steamer *Sussex* on March 24. In this case, as in a number of others, American citizens were among the victims, and accordingly the United States asked explanations from Germany.

In response to these inquiries, which, it should be noted, did not cover all the cases in which apparently Americans were involved, but only those in which the facts were fairly

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clear, the German Government replied, on April 10, justifying the action of the submarines in three cases on the ground that the vessels had tried to escape, and requesting more facts in the fourth instance. As regards the most important case, it was admitted that a German submarine had attacked a vessel on the same day, at the same hour, at the same place, and under the same circumstances that the *Sussex* had been torpedoed, but it was contended that this ship was not the *Sussex*. The damaging admission was made that the submarine commander had attacked this ship on the mere supposition that it was a war vessel.

The State Department had, in the meanwhile, collected indisputable evidence that the unarmed passenger ship *Sussex* had been attacked without any warning by a German submarine; and, on April 19, President Wilson explained the situation to Congress. He pointed out that:

The commanders of German undersea vessels have attacked merchant ships with greater and greater activity, not only upon the high seas surrounding Great Britain and Ireland, but wherever they could encounter them, in a way that has grown more and more ruthless, more and more indiscriminate as the months had gone by, less and less observant of restraints of any kind; and have delivered their attacks without compunction against vessels of every nationality and bound upon every sort of errand. Vessels of neutral ownership, even vessels of neutral ownership bound from neutral port to neutral port, have been destroyed along with vessels of belligerent ownership in constantly increasing numbers. Sometimes the merchantman attacked has been warned and summoned to surrender before being fired on or torpedoed; sometimes passengers or crews have been vouchsafed the poor security of being allowed to take to the ship's boats before she was sent to the bottom. But again and again no warning has been given, no escape even to the ship's boats allowed to those on board.

Having delivered this vigorous and comprehensive indictment, the President asserted that these successive tragedies had made "it grossly evident that warfare of such a sort, if warfare it be, cannot be carried on without the most palpable violation of the dictates alike of right and humanity."

The New Campaign

Furthermore, after stating that the law of nations had long recognised the right of merchantmen to carry arms for protection and to repel attack, and after calling attention to Germany's announced intention to sink such vessels without warning, President Wilson pointed out that the new campaign did not involve this issue, but that unarmed ships were being sunk without warning, and that, in spite of Germany's solemn assurances about the immunity of passenger ships, "the lives of non-combatants, passengers and crew have been sacrificed wholesale, in a manner which the Government of the United States cannot but regard as wanton and without the slightest colour of justification." The *Sussex* was cited merely as "one of the latest and most shocking instances of this method of warfare," not as an isolated or exceptional case. As a consequence,

it has, therefore, become painfully evident that the position which this Government took at the very outset is inevitable—namely, that the use of submarines for the destruction of an enemy's commerce is of a necessity, because of the very character of the vessels employed and the very methods of attack which their employment of course involves, incompatible with the principles of humanity, the long established and incontrovertible rights of neutrals and the sacred immunities of non-combatants.

Thus President Wilson reverted to the sound principle of the first *Lusitania* Note. It was the ineluctable conclusion of a long series of plain facts. Under these circumstances, he told Congress that he had deemed it his duty to inform the German Government that,

unless the Imperial German Government should now immediately declare and effect an abandonment of its present methods of warfare against passenger and freight vessels, this Government can have no choice but to sever diplomatic relations with the Government of the German Empire altogether.

In conclusion, the President again adopted the original international spirit of the first *Lusitania* Note. We cannot forget, he said, that we are by the force of circumstances

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"the responsible spokesmen of the rights of humanity,"
and that

we owe it to a due regard of our rights as a nation, to our sense of duty as a representative of the rights of neutrals the world over, and to a just conception of the rights of mankind, to take this stand now with the utmost solemnity and firmness.

During the preceding night, on April 18, Secretary Lansing sent to Ambassador Gerard a Note embodying these views, with instructions to deliver it to the German Government. The Note was tantamount to a demand for a complete discontinuance of the use of submarines in commerce destruction. The case was put so explicitly and so conclusively that the United States cannot recede without complete self-stultification. To Germany were presented two, and only two, alternatives—either the abandonment of her submarine campaign or severance by the United States of diplomatic relations. The issue was clearly defined, and there was left no loophole for a compromise. At the time of writing, however, no decision has been reached.*

* The German reply was published on May 4. After some preliminary argument it announced a "further concession." "The German naval forces" were to "receive the following orders for submarine warfare in accordance with the general principles of visit, search, and destruction of merchant vessels recognised by international law. Such vessels both within and without the area declared as a naval war zone shall not be sunk without warning, and without saving human lives, unless the ship attempts to escape or offer resistance." In return Germany expected that America "will now also consider all impediments removed which may have been in the way of mutual co-operation towards the restoration of the freedom of the seas," and that America "will now demand and insist that the British Government shall forthwith observe the rules of international law universally recognised before the war" in the matter of interference with sea-borne trade. On May 8 the United States Government replied that it accepted the "altered policy" of the German Government relying upon its "scrupulous execution." It added that it "cannot for a moment entertain, much less discuss, the suggestion that respect by the German naval authorities for the rights of citizens of the United States upon the high seas, should in any way, or in the slightest degree, be made contingent upon the conduct of any other Government as affecting the rights of neutrals and non-combatants."

The Parting of the Ways

VI. THE PARTING OF THE WAYS

THUS, by the inexorable force of circumstances, one might almost say by Germany's ineptitude, the United States has been driven to assume the part of champion of the public right of the world in contending that submarines cannot be used in the destruction of commerce without doing violence to fundamental principles of international law and morality. This position has, however, been taken with considerable reluctance, which is by no means solely due to the "passion for peace" that dominates the Government, and the great mass of the people. This hesitation is also in large measure attributable to the doubt that exists in the mind of the Administration and in that of some of the people as to the equity of the existing regulations.

Not a few American citizens do not see the justice of an arrangement that forbids Germany to sink without warning armed ships carrying ammunition and warlike stores to her enemies,* and they think that such ships should be distinctively marked so as to distinguish them from ordinary liners and freighters. Whether such an artificial arrangement would be at all practicable—in part, because it would impose intolerable responsibilities upon neutrals—is scarcely considered. Furthermore, a considerable number of Americans in the interior have no comprehension of the extent to which the nation's present and future depend upon the sea; and others again cannot understand why their peaceful lives should be disturbed because some of their more wealthy fellow-citizens elect to travel upon ships of the belligerent nations. Such

* Thus Senator Stone said: "I cannot but believe that a belligerent merchant ship, heavily armed—no matter whether it be called defensive or offensive armament—engaged in transporting contraband war material to the army or navy of her sovereign, is in all essential respects the equivalent of a duly commissioned war vessel."

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ideas are reinforced by the sectional feeling of the agricultural Middle West against the financial East, and, in general, by the comparative lack of national consciousness exhibited during the war. Although this lack has been greatly exaggerated, for the absence of a clearly defined national purpose has been largely the reflex of the Administration's negative policy, still, as a result of the vast and still unassimilated immigration of the past two decades, there is apparently some danger, slight though it be, of the United States degenerating into what Colonel Roosevelt has strikingly described as "a mere polyglot boarding-house, where dollar-hunters of twenty different nationalities scramble for gain, each nationality bearing no real allegiance except to the land from which it originally came." In addition, the protracted controversy with Germany, extending over fifteen months, and the tortuous and inconstant course of the negotiations have not only confused the minds of many as to the real issue, but have produced in others a somewhat apathetic attitude. The constantly recurring crises with settlements that were but preludes to further outrages have, in the end, led to considerable indifference. Righteous indignation demands an outlet, and, when this impulse is thwarted, demoralisation ensues.

Moreover, the Government is on record to the effect that, as submarines have been able to inflict considerable damage upon commerce, equity demands some future readjustment of international law so that they be not absolutely debarred from such activities. It is true that officially the Administration has since then again resumed the firm stand that experience has fully demonstrated, that there is no half-way station between entirely ruling out the submarine for such purposes and a reign of terror and inhumanity on the high seas; but the head of the State Department is still of the opinion that the law requires modification.*

* On April 29, ten days after the despatch of his vigorous note to Germany to the former effect, Secretary Lansing stated before the American Society

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Whether such a readjustment will be made is for the future to determine. At present the question is not pertinent. But it should be noticed that the suggestion made by Secretary Lansing in his *modus vivendi* proposal of January 18, that all merchantmen be disarmed, failed to take into account the fundamental facts of warfare. Unless the submarine type changes greatly in the future, the inevitable effect of the use of these vessels in commerce destruction will be that merchantmen will be more generally and more heavily armed than has been customary hitherto. For such armaments, especially if combined with somewhat greater speed than that of most merchantmen of the present day, will to a great extent nullify whatever effectiveness submarines may have. But they would unquestionably still be able to find a considerable number of victims, and, as the accuracy and range of their vision are most restricted, the inevitable outcome would be complete anarchy on the high seas. Thus the German naval expert, Captain Persius, pointed out that the case of the *Sussex* illustrates the difficulties under which a submarine commander labours in establishing the character of a vessel, and, he calmly added, even if occasionally an innocent vessel should suffer, "it must be taken into consideration that it is an unfortunate accident which is unavoidable in war."

The underlying defect of Secretary Lansing's proposal was that it asked one contestant to divest himself of legitimate defensive armaments in order to compensate for

of International Law: "There is coming a time . . . when we will have to readjust our ideas as to the rules of international law. I do not mean the principles of that law, for they are immutable, founded as they are on justice, righteousness, and humanity. I mean that the application of those principles to new conditions will give us new rules which have never before been recognised or even conceived by the nations of the world, and which cannot, therefore, be now invoked by belligerent or neutral. . . . If I were asked what was the chief cause of the new conditions and changed methods of land and naval warfare, I would unhesitatingly answer, 'The invention of the internal combustion engine.' It has made practicable the automobile, the submarine, the aeroplane and the dirigible."

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the limitations of his opponent. War is, however, not a game in which one party is willing to handicap himself or to give an advantage to the other with the object of equalising conditions. It is essentially a contention by force and the rules governing it are not purely arbitrary. But why, then, some Americans are asking, should the German submarines be obliged to give warning before torpedoing a merchantman? * The fundamental reason is not solely or even mainly because such attacks are made upon non-combatants—the distinction between combatant and non-combatant upon the sea cannot be made so precise as it is in land warfare—but chiefly because, with the limitations of the present type of submarines, such warfare is bound to inflict grievous injury upon neutrals. In contradistinction to the rules of land war, those for the sea must be determined largely by the inalienable rights of neutrals because the sea (outside the three-mile limit) is the commonage of mankind and not the preserve of any one particular State. If in the future submarines continue to be employed for commerce destruction, and, as a consequence, all merchantmen are heavily armed, it may be that, with this reversion to the past, neutrals will go at their own risk on ships of belligerent nationality. While this would, of course, in many instances be a serious curtailment of neutral rights, it would not, however, mend matters. There would still be, as experience has disastrously demonstrated, the absolute certainty that neutral ships would be sunk by mistake. This certainty makes it imperative to prohibit absolutely the use of submarines in commercial warfare.

As the United States abides by the unassailable view that international law cannot be changed during war

* During the debate on the status of armed merchantmen, Senator McCumber of North Dakota said: "I cannot see anything fair in the proposition that while a submarine, which may easily be sunk by a single shot from one of these defensive guns, must give notice before it fires at the armed merchant vessel, the armed vessel need not give notice that it purposes to fire at the submarine."

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except by a *modus vivendi* or by general agreement of the nations, whatever may or may not be done in the future is not relevant in the existing German-American controversy.* But the very fact that the State Department thinks some future readjustment necessary has inevitably influenced its conduct of the negotiations. A similar result has come from another source. The United States Government naturally refused to discuss with Germany the justice of that country's complaints against the methods by which sea power had been used to cut Germany off from trade with neutrals, contending rightly that, however justifiable or unjustifiable be a measure of reprisal against a belligerent, it cannot be employed if it infringes the rights of an innocent third party. All the more indefensible and heinous is such retaliation when it leads to the killing of neutrals. But the very fact that the State Department is to some extent in accord with Germany as to the legality of the measures adopted by the Entente Allies has unquestionably somewhat influenced its course during the protracted negotiations in the submarine controversy. Furthermore, some doubts have been raised as to whether or no, in deciding against the use of the submarine in commercial warfare, the United States is not forfeiting a valuable defensive weapon.

Thus apart from the dominating desire not to allow the country to be drawn into the world-wide conflict and the determination to preserve a rigidly neutral attitude, these considerations further explain the indecisive course of the United States Government during this controversy. Inadequate and vague pledges were accepted and fundamental principles were for the time abandoned not merely to avoid complications with Germany, but apparently in great measure because the Administration had no clearly defined conception of what the future national interests demanded.

* As Senator Borah said: "If those principles of international law are made unsound by changed conditions of warfare, now is not the time for us to change them."

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No constructive foreign policy has been formulated. The attitude has been largely the negative one of "watchful waiting." Only the relentless logic of events has finally forced the United States to assume a position that makes it the champion not only of public right, but also the upholder of sea power as against military force.

The attitude of the United States toward the rules of war on sea has, in the main, been determined by the assumption that its part would always be that of a neutral. Hence, with the significant exception of the Civil War, when diametrically the opposite was the case, its efforts have as a rule been devoted to restricting belligerent rights. It has been the foremost upholder of what is still misleadingly designated as "the freedom of the seas." But nowadays, when the seas in time of peace are admittedly free to all,* this phrase merely means: in first line, the exemption of private property from capture; and, in second line, the restriction of the principles of blockade, contraband, and continuous voyage so that neutral trade may remain practically undisturbed. It is of course obvious that, if submarines are not debarred from operating against commerce, private property at sea will be much less safe than it formerly was. Then, it was only captured; now it is destroyed by the submarine. Furthermore, neutral vessels are not safe and the recognised immunity of neutral property under the enemy flag cannot be respected. Hence, such use of submarines is the very negation of the doctrine of "the freedom of the seas." In addition, it is apparent that the acquiescence of neutrals in such submarine activities will to an appreciable, but still undetermined, extent weaken sea power. By the stand taken on this question, the United States has become the supporter

* In a recent article on what he significantly calls this "most hideous and stupid war," Alfred Ballin said: "It is true, certainly, that in times of peace the seas were always free; but in war, as we know to-day to our cost, they are governed by the strongest fleet. Means, therefore, must and will be found for assuring the freedom of mercantile traffic by sea, not only in peace but also in war."

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of sea power ; but, on the other hand, its protests against certain features of the blockade of Germany and against some other measures of the Allied Navies tend to hamper sea power.

During the prolonged submarine controversy the United States Government appealed on several occasions to Germany's former record as upholder of "the freedom of the seas." * The specific reference was to the fact that several treaties between the United States and Prussia, beginning with that of 1785, provided that the private property of their respective citizens and subjects should be exempt from capture at sea. These treaties are recognised as binding at the present day, and, in addition, Germany has as a rule supported the efforts of the United States to secure a general abolition of this right of prize. The consistent opponent of such abolition throughout the nineteenth century was Great Britain, but in recent years other States have veered around to the British view. Thus, at the Hague Conference of 1907, Russia, France, Japan, and Spain, besides Great Britain and some of the minor Powers, voted against this innovation in sea law. Since then, but before the outbreak of the war, Sir Edward Grey and Mr. McKenna have intimated that they were ready to consider the abandonment of this right of prize provided it were made the basis of an international agreement for the limitation of naval armaments.† On the other hand, there is some reason to believe that in this interval the German Admiralty had changed its views in the opposite sense and that the opinions expressed by German spokesmen since the war have been merely extemporised for the occasion. Certainly, their submarine campaign is the most absolute denial of this doctrine.

The main argument in favour of the abolition of this

* Notes of May 13 and July 21, 1915. In his address to Congress on April 19, 1916, President Wilson also referred to the fact that the German Government had "in other circumstances stood as the champion of all that we are now contending for in the interest of humanity."

† J. M. Robertson in Wehberg, *op. cit.* p. xiii.

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right of prize is that the confiscation of private property is a relic of barbarism. But merchant ships are not private property in the ordinary sense. Not only can and may they be converted into cruisers, but as transports, colliers, and mine-layers they are indispensable naval adjuncts. Moreover, under existing conditions and mainly as a result of wireless telegraphy, comparatively few merchantmen are captured. As a rule, they are able to take refuge in some safe haven. Hence, control of the seas nowadays does not mean the wholesale confiscation of the enemy's merchant marine—which was the chief argument advanced against the practice before the war—but merely the temporary paralysation of his commerce. The sordid incentive of booty and plunder has been well-nigh eliminated. But while on the one hand the control of the seas is so complete that no enemy merchantman dares leave its port, on the other hand the former ravages by privateers upon the merchant marine of the dominant sea Power have in some measure been duplicated by the activities of submarines. From this source has come the greatest destruction of private property at sea.

Thus, while the fundamental argument for the abolition of the normal right of prize disappears under modern conditions, it is doubly applicable in the case of submarines. The retention of the right of capture is simply a question of policy, not one of morals. Moreover, it is far from clear to what extent the abandonment of this right would appreciably change conditions, unless the right of blockade, the principle of contraband, and the doctrine of continuous voyage were rigorously restricted. But this would mean a further throttling of sea power and a corresponding strengthening of land power. This is the vital point. It is as true to-day as it was when Wheaton wrote, that a naval Power's main instrument of coercion is crippling the enemy's commerce and that, "if war at sea were to be restricted to the naval forces, a country possessing a powerful fleet would have very little advantage over a

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country with a small or no fleet." Sea power would lose its main coercive strength and would become almost solely defensive. Its chief offensive attribute, that of exerting economic pressure, would be immeasurably curtailed, while the unhampered land power could still invade the enemy's territory and force him to a termination of the war.

The existing war has convinced not a few thinking Americans that it is incumbent upon the United States to re-examine the bases of its traditional policy in regard to the right of capture and to neutral rights in general. Day by day increasing numbers of Americans are realising that the present conflict is one between sea power and military force, and that upon its outcome depends the destiny of free government. Sea power, as is shown by its use against Philip II, Louis XIV, Napoleon, and modern Germany, is the bulwark of liberty. Its very nature all but precludes its employment for despotic purposes. Constantly deeper and more widespread is growing the conviction that the future of the United States depends upon sea power. Hence many private Americans—the Government and the politicians naturally are silent—are urging the necessity of a full understanding and subsequent close co-operation with those that hold the trident.* Under these circumstances, any artificial curtailment of sea power under the spell of such high-sounding but misleading phrases as "the freedom of the seas" would be suicidal.

Assuming that the Administration abides by its position, whether Germany yields or takes the consequences of her obduracy, in either case the United States will by its action have aided sea power. But of even more far-reaching importance is the fact that, despite some obvious reluctance, the United States is upholding the public right of the world. In this lies some hope for a more organised and less anarchic future world. For the action of the United

* At the meeting of the American Academy of Political and Social Science held at Philadelphia on April 28, 1916, a number of speakers urged such a course.

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States may be but an initial step toward that better international system in which each State, even if it be not directly affected, will regard an infraction of international law as an injury to the society of States, and hence to itself as well, and will feel obliged to join its fellows in the world-community in measures of restraint and coercion against the offender.

New York, May 1916.

CANADA

I. CHARGES AND INVESTIGATIONS

CONTRARY to expectation, the proposal to extend the life of Parliament was adopted without a division, and with only speeches by the Prime Minister and Sir Wilfrid Laurier. Perhaps the partial destruction of the Parliament buildings by fire chiefly explains the unanimity of the Commons and the instant acquiescence of the Senate. The impressive structure on the Hill at Ottawa had struck deep roots into the sentiment and affection of the Canadian people. It stood in massive dignity overlooking the busy city at its feet and a wide expanse of quiet country, and whether one knew much or little of architecture its proud stateliness attracted and satisfied. Moreover, within its walls from the birth of Confederation the statesmen of Canada had fought their battles and wrought the deeds which constitute its history. "They gave their bodies to the Commonwealth and received each for his own memory praise that will never die, and with it the grandest of all sepulchres, not that in which their mortal bones are laid, but a home in the minds of men, where their glory remains fresh to stir to speech or action as the occasion comes by." Here, indeed, was moulded the destiny of Canada, and, perhaps, in far greater degree than we know the destiny of the British Empire.

It is true that the chamber of the Commons was singularly ill-fitted for the accommodation of Parliament. But

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it was hallowed by associations and tolerated in reverence for the attractive and commanding exterior. Fortunately the Library escaped destruction, though valuable historical documents were destroyed, and the foundations and portions of the walls will be incorporated in the new structure. The immediate sense of loss, however, was overwhelming, and immensely sharpened by sorrow for those who perished. There was an immediate suspicion that German emissaries had deliberately plotted and accomplished the destruction of the building. No satisfactory evidence to support this suspicion has been disclosed, but the suspicion persists. Under these circumstances the proposal to extend the life of Parliament was submitted. In the shadow of the tragedy and with the solemn fact of war filling men's minds, no thought of disagreement or of a general election could be entertained. There will, therefore, be no dissolution of Parliament until October, 1917, unless some parliamentary misadventure or improbable and unexpected emergency should compel an earlier appeal to the constituencies.

The impression produced by the fire was not enduring. It is true that Parliament has been unanimous in support of appropriations for the war, but there the truce begins and ends. It is perhaps difficult to maintain any other condition in a free country, and particularly in a country so far removed as Canada from the actual areas of conflict. A year ago Mr. Justice Davidson, of Montreal, was appointed by the Government to inquire into charges of "graft" in the distribution of contracts and the purchase of supplies. The Commission has made a leisurely progress across the country. Many witnesses have been examined, many transactions investigated. If there has been no great display of energy, it is perhaps because there was no need for greater activity. In no other respect is there ground for criticism. Even in this respect no doubtful transaction has been overlooked nor any disposition to shield the public departments manifested.

Charges and Investigations

The sum of the disclosures if vexatious, is not alarming. In a few cases commissions were obtained by intermediaries and there were flagrant rascalities revealed in the purchase of horses. Two Conservative members were required by the Prime Minister to resign their places in the House of Commons. A member of the Legislature of Ontario, who acted as purchasing agent for horses for the first contingent, resigned his seat, handed the amount of his profits to an oversea battalion, and submitted himself for re-election. He was defeated by 329 in the by-election in a constituency where he had a majority of over 627 two years ago. Into the details of these transactions it is not necessary to enter, nor is any definite judgment pronounced upon those involved. It is, however, apparent that the Prime Minister is concerned to guard the honour of Parliament and that the public conscience is sensitive.

A more serious situation exists over charges directed against the Minister of Militia and the Shell Committee, which acted as purchasing agent for the British Government. This Committee, acting originally for British contractors, became later the buying agency of the War Office. With the Committee the Minister of Militia had more or less intimate relations. Through one of his close personal associates fuse contracts were placed with companies in New York to which \$1,500,000 were advanced by the Shell Committee, and out of these contracts it is alleged that \$1,000,000 were taken in doubtful commissions. As yet much mystery surrounds the transactions. The exact relation of the Minister to the contracts is not disclosed. Whether or not the contracts could have been taken by Canadian companies is not established. It is declared that the Shell Committee was protected against losses on account of advances to the New York contractors by the guarantees of responsible trust companies. The agent who placed the contracts is regarded with distrust. It is in this connection chiefly that the Minister is censured. Sir Sam Hughes has immense driving power, ample self-

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confidence, is resolutely loyal in his friendships, and where he trusts he does so without reservation. It is not thought that he always chooses his instruments wisely, but the very qualities which constitute his defects suggest courage and integrity.

The Government was reluctant to sanction any inquiry into the actions of the Shell Committee. Its purchases were made for the War Office, and only the Minister of Militia had any definite knowledge of its transactions. It is not even certain that his knowledge was intimate or accurate. But when charges were made which seemed to involve a member of the Government Sir Robert Borden recognised that they could not be ignored. Sir William Meredith, Chief Justice of Ontario, and Mr. Justice Duff, of the Supreme Court Bench, were, therefore, appointed to conduct an investigation. There are no judges of better repute or greater independence of character in the country. It is certain that the inquiry will be thorough and the actual facts disclosed. Counsel have been appointed by the Prime Minister and, at the suggestion of the Government, by Sir Wilfrid Laurier, Leader of the Opposition. As has been said, the temper of the country is sensitive and critical, but there is a great reserve of confidence in the integrity of the Minister of Militia. The members of the Shell Committee are citizens of singularly good repute. They may not have been wholly equal to the great responsibilities which the Committee had to shoulder, but it is incredible that conscious or deliberate dishonesty will be established. They gave their services voluntarily at serious sacrifice. They were assiduous in devotion to their responsible duties. It is inconceivable that they had any doubtful relations with contracting companies. Members of the old Shell Committee are represented on the Imperial Munitions Board, by which it was succeeded, and they have the confidence of the Chairman and their colleagues. It may be pointed out that all the charges with which Parliament has been concerned relate to transactions which

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arose before the Imperial Munitions Board and the Canadian War Purchasing Commission were appointed. Both of these bodies seem to enjoy complete public confidence. No doubt in the first months of the war there was a degree of disorganisation and confusion, but to suggest that there was deliberate and general corruption is to defame the Government and the country. Moreover, from the outset Sir Robert Borden has manifested an inflexible determination to protect the treasury and to guard the honour of his Administration. Sir Sam Hughes, who was recalled from England by the Prime Minister, has made definite denial of the charges of his opponents, and has defended the Shell Committee and its agents without reserve or equivocation. For the moment at least his resolute and aggressive attitude has impressed the country. He has qualities which appeal to the masses, but aside from sympathy for the Minister there is a feeling that the Government has great tasks in hand and should not be distracted by charges which arise out of conditions which no longer exist.

II. TAXATION AND RECRUITING

THERE is no prospect that the session of Parliament will produce any considerable body of useful legislation. Outside of the charges directed against the integrity of the Administration interest has naturally centred chiefly in the proposals of the Minister of Finance. Although these proposals were far more radical than was anticipated, they have evoked very little protest from the interests affected. These, too, are the interests which Governments are reluctant to disturb. There were only minor changes in the tariff. The duty on apples is advanced to 40 cents per barrel under the general tariff and to 25 cents per barrel under the British preference. There is an imposition under the special Customs War Revenue Act of

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5 per cent. under the British preferential and $7\frac{1}{2}$ per cent. under the general tariff. Thus the new rates are 60 cents per barrel under the Preference and 90 cents per barrel on apples from foreign countries. The Minister of Finance argued that these higher duties were absolutely necessary for the preservation of the apple-growing industry of British Columbia, in which, by the way, much British capital is invested, and which the war has seriously affected. Clearly the chief object was to check importations from the American fruit-growing States and to give Canadian growers, alike in British Columbia and Eastern Canada, a greater advantage in the Western Canadian Provinces. There are also advances in the duties on crude petroleum in its natural state when imported by oil refiners to be refined in their own factories, which, it is estimated, will yield additional revenue of \$500,000. The rates on distillates are reduced from $2\frac{1}{2}$ cents per gallon and $7\frac{1}{2}$ per cent. to $\frac{1}{2}$ cent per gallon. Of these, 1,000,000 gallons are consumed annually in the Prairie Provinces. On crude petroleum, not imported for refining purposes, the rate is changed from $7\frac{1}{2}$ per cent. to $\frac{1}{2}$ per cent. per gallon. The chief feature of the Budget, however, is the tax on profits. All incorporated companies are required to pay over to the Government 25 per cent. of profits above 7 per cent., and partnerships and individuals 25 per cent. of profits above 10 per cent. The Act, however, does not apply to companies with capital below \$50,000, to Life Insurance companies, nor to farming and live-stock raising. War taxes of the Allies will be deducted, and as far as possible the Act will be administered so as to bear fairly and equally on all firms, companies, and corporations. In estimating the amount of capital the real value of assets will be considered, so that companies with watered stock will not have an unfairly large capital. There will be special treatment of mining companies, whose dividends may represent partial exhaustion of the property.

It is estimated that from the taxation of profits

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\$10,000,000 of revenue will be derived. The new imposts will have effect for a three-year period from December 31, 1914. The direct object was to secure a fair proportion of war profits for the public treasury. It is believed that this object will be attained without hardship or injustice. There has been cheerful acceptance of the new imposts even by the banking, financial, and industrial companies affected, and wide and strong popular approval of the action of the Minister. The Opposition suggested a tax on incomes and various other direct taxes, but the Finance Minister contends that as the war also imposes heavy obligations on the Provinces, there should be no unnecessary interference with their sources of revenue. He is averse also to land taxes as calculated to check immigration and retard settlement.

Since October there have been steady increases in the national income. The monthly returns are as follows:—

	1915 (Fiscal Year.)	1916 (Fiscal Year.)	Increase.
October . . .	10,641,254.82	14,440,333.90	3,799,079.08
November . .	9,495,536.30	17,072,456.76	7,576,920.46
December . .	9,167,940.62	17,271,516.63	8,103,576.01
January . . .	9,897,664.18	17,522,091.40	7,624,427.22
February . . .	10,523,344.71	14,798,896.19	4,275,551.48
March	11,641,970.18	16,899,859.17	5,257,888.99
	<hr/> 61,367,710.81	<hr/> 98,005,154.05	<hr/> 36,637,443.24

The total revenue for the fiscal year which ended on March 31 was \$171,248,668. This was an increase of £39,000,000 over the previous year. The total expenditure, apart from the war, was \$165,000,000. The war cost £150,000,000 for the year, and from August, 1914, \$213,000,000. To this must be added such amounts as will be owing, when accounts are adjusted, to the Imperial Government for supplies, munitions, and equipment for the Canadian forces actually at the front and under the

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immediate command of the British military authorities. Under all the circumstances enlistment cannot be regarded as unsatisfactory. During March 32,000 recruits were obtained. Since the first of the year there has been an average daily enlistment of 1,000. In fact, recruits are obtained as fast as equipment can be provided. There is a rising demand for conscription, not so much to increase the supply of volunteers, as to improve the recruiting machinery and ensure an adequate supply of labour for industry and agriculture. The advantages of compulsion have been urged upon the Government by an influential deputation from Ontario, Nova Scotia, New Brunswick, and Manitoba. The Legislature of Ontario has appointed a War Committee representing both parties, which will sit during recess, to consider what measures can be taken and what methods adopted to regularise recruiting and make the Province more influential and effective in the great struggle for Empire, freedom, and civilisation. If ever any reproach rested upon native Canadians, and that is not admitted, it is wholly removed by the composition of the battalions which have gone over sea in recent months or of those which are now under organisation, and by the inflexible resolution of the Dominion to continue its exertions and sacrifices until an honourable and triumphant peace is secured.

III. PROHIBITION AND WOMAN SUFFRAGE

THE War has had revolutionary effects in Canada. These have been peculiarly demonstrated in the movements for Woman Suffrage and Prohibition of the Liquor Traffic. Direct relation between the war and the extension of the franchise to women may not be absolutely established, but undoubtedly the activities and the sacrifices of women in relief and patriotic movements have profoundly affected public opinion. Evidence that the war gave a mighty

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impetus to the agitation against liquor is direct and unanswerable. Two years ago the proposal by Mr Rowell, Leader of the Liberal Party in the Legislature, that sale of liquor over the bar should be prohibited and sale permitted only by shops in communities unfavourable to absolute prohibition was decisively defeated. It may be that the result was not a true expression of public feeling. In two-thirds of the municipalities licences had been extinguished under Local Option, while in other municipalities the licensing regulations were vigorously enforced by the Conservative Government. In the "dry" areas it was difficult to make the Liberal policy politically effective. In the centres of population there was perhaps a balance of opinion against prohibition. Besides, considerations of party entered into the contest. Conservatives who had the pledges of their leaders that they would continue to sustain Local Option and introduce such further restrictive measures as public opinion would support adhered to their natural political alliances.

This was the situation when the war began. There was no thought that complete prohibition was imminent. But from the outset it was apparent that the trade would be subjected to greater restriction. A Provincial Commission was appointed, independent of local influences and with arbitrary powers, to control the traffic throughout the Province. Violations of the law brought heavy penalties. Many licences were cancelled. All sale of liquor in the neighbourhood of military camps was prohibited. A new regulation was adopted under which bars could not open until eight o'clock in the morning, and were required to close at eight o'clock at night. Mr. Rowell urged that during the war absolute prohibition should be proclaimed, and afterwards a plebiscite taken as to whether or not licences should be restored. A Committee of One Hundred, embracing representatives of both political parties, organised a movement to secure a Referendum or immediate prohibition by the Legislature. This Com-

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mittee circulated petitions throughout the whole Province and secured signatures of 348,166 voters and 477,396 non-voters. In the last Provincial General Election the total vote polled was 476,905. A deputation of 25,000 prohibitionists carried these petitions to the Legislature. Before the petitions were presented, however, it was announced by the Government that the question would be submitted to the people and all bar, shop, and club licences abolished if a majority for prohibition should be recorded. Later, in deference to protests that the soldiers on service should have the privilege of voting, and that no irrevocable action should be taken under the pressure of emotion inspired by the war, it was settled that prohibition should go into effect next September and the question of whether or not licences should be restored in communities not now under Local Option submitted to a plebiscite in June, 1919, or as soon after the close of the war as may be practicable.

Thus in a few months prohibition will prevail in Ontario, and there is little prospect that the liquor traffic will ever again have legal recognition in the Province. It is also announced that Referendums to determine if prohibition shall be established will be taken in New Brunswick and British Columbia. In Nova Scotia the Legislature has voted almost unanimously to abolish licences in the only county in the Province which is not now under prohibition. In Prince Edward Island all liquor and shop licences were cancelled some years ago. As the result of a Referendum Alberta has abolished the retail trade in liquor. In Saskatchewan, which has a dispensary system, the Government has announced that the people will have an early opportunity to decide between the system and complete prohibition. A few weeks ago Manitoba in a Referendum gave a majority of 24,278 for prohibition in a total vote of 73,260. In Quebec, where the question may also be submitted, the result may be doubtful. Even in the French Province, however, no licences are issued in 900 out of

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1,200 municipalities. It seems to be certain that by the close of the year prohibition will be in effect in eight of the nine Canadian Provinces. Moreover, the Dominion Government has sanctioned a measure to prohibit export of liquor into Provinces under prohibition, save only for such purposes as will not conflict with Provincial legislation.

In the four Western Provinces the outlook for equal suffrage is as favourable as for prohibition. Manitoba by unanimous action of the Legislature has extended the franchise to women. Equal suffrage has been established in Alberta. Saskatchewan, the Provincial Government has announced, will follow the example of Alberta and Manitoba. In British Columbia there will be a Referendum and women will get the franchise if 50 per cent. of the voters declare for equal suffrage. In the older Provinces, however, no such feeling as has developed in favour of prohibition appears in behalf of female enfranchisement. In Quebec the subject is hardly discussed, in Ontario and the Eastern Provinces there is agitation but no prospect of early legislative action. A resolution for equal suffrage was debated in the House of Commons a few weeks ago, but in such fragmentary fashion as not to disclose the mind of Parliament. The Provinces determine the qualifications of voters and the Provincial lists are accepted in elections for the House of Commons. Hon. William Pugsley, a member of the Opposition, brought on the debate on woman suffrage in order to ascertain if the Government would accept for federal elections the Provincial lists in Provinces which have enfranchised women. In reply, the Prime Minister was not exactly definite. He intimated that if Parliament should consider the preparation of independent lists for federal elections the position of women could not be ignored. What he said has been interpreted as indicating a favourable attitude towards woman suffrage, but the actual language commits him to no definite declaration. Sir John Macdonald

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spoke in favour of woman suffrage, but it is sometimes doubted if his statements expressed more than a pious aspiration. Disraeli also coquetted with woman suffrage, and there have been people to suggest that Macdonald sometimes imitated Disraeli. No doubt, as so often happens in Canada, influences flowing across the border from the Western and Pacific States, where woman suffrage prevails, have done something to fashion opinion in the Western Canadian Provinces, as possibly the enactment of prohibition in so many American States may also have had effects in Canada. But, as has been said, the war was the chief incentive to prohibitory legislation in the Canadian Provinces, and, perhaps more quickly and decisively than we perceive, the sacrifices and services of woman in industry, and in relief and patriotic movements, are creating a public feeling in favour of equal suffrage too strong to be resisted.

IV. THE CANADIAN ARMY

THE Canadian Expeditionary Force has become an army of respectable size. It has upon its rolls between 225 and 250 battalions of infantry, a due proportion of cavalry, artillery, and engineers, and a considerable number of auxiliary and special corps. The enlistments in it are nearing the 300,000 mark, and it resembles all other armies in that the number of men whom it has actually at the front are but a fraction of the total enrolment. With the coming of spring the Dominion had in France and Flanders some 50,000 fighting men. To reinforce and care for this force we had in England some 50,000 more, and in Canada there were from 100,000 to 150,000 additional troops, raised for overseas service and in the earlier stages of training.

The legal and administrative status of this whole force is a curious example of the lack of preparation for possible dangers which marked the whole policy of the British

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Empire. The Dominion has long maintained a military force, the legal foundation of which is the Militia Act ; under the terms of this there existed a small body of regulars, technically termed the Permanent Force, some 3,000 or 4,000 strong, and a Militia which in 1913 gave a very light training to some 75,000 men. Of this "National Army" there have gone abroad only the field units of the Permanent Force ; a few corps of the militia, numbering some 10,000 men, are embodied for home service, the guarding of important places such as canals, railway lines, and cable stations. For the rest, the Militia, as such, has little part in the war ; it is, indeed, a nice point whether the regiments of the Canadian Expeditionary Force which are quartered in Canada are under the Militia Act. The Militia remains the foundation of the overseas army ; its whole administrative system is devoted to the task of working the Expeditionary Force ; officers in the foreign service army are first commissioned in the Militia ; specially energetic Militia Corps strive to establish or maintain a connection with particular units abroad ; but the general effect of the military effort which the country has made is that the historical force has fallen into the position of facilitating the rapid raising of a new and *ad hoc* army. So far as the statesmen have been concerned, such military preparations as Canada made were exclusively directed towards resisting an invasion of her own soil ; yet our only military operations since the trifling rebellion of 1885 have been conducted across the ocean.

The professional soldiers in the service of the Dominion were closer to the facts than was Parliament. During the years between 1902 and 1914 the Militia had undergone great development—a development in which organisation outstripped training—so that when the war broke out it had a small but correctly organised General Staff and a fairly decentralised Divisional system. The Militia had had its birth in the dread of attack by the United States, and in accordance with precedent its formal organi-

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sation into six territorial divisions looked southwards; but for the last decade the staff officers who guided its reorganisation had in mind participation in a European war rather than a defence of our land frontiers, and in the summer of 1914 plans were in readiness for the raising, equipment, and early despatch to England of a force of a division of infantry and a mounted division. Thus when on August 1, 1914, the Canadian Government telegraphed its offer of an Expeditionary Force, its military advisers knew exactly what steps they needed to take and the War Office, familiar with what Canadian Headquarters had planned, asked for a division with a proportion of Army troops. This readiness and the explosive recognition by the public of the gravity of the crisis, caused the startlingly sudden appearance of the First Division.

This measure of preparation, however, had been made as an intelligent anticipation of events which were foreseen by a few administrators, and was not part of the conscious policy of the country; and administrators working under such conditions were confined to the raising of a special force outside of existing units, though based upon the Militia organisation. Such special corps sprang into existence all but spontaneously. Provinces, cities, and districts fought for the privilege of contributing corps, and not twelve but seventeen battalions flocked into Valcartier, the improvised camp near Quebec, which was selected as the point of assemblage. This popular zeal, indeed, greatly embarrassed the task of organisation, in any event sufficiently difficult, for in addition to the usual work it was necessary to sort out these corps, each the pride of its district, into serving and dépôt battalions. Such a task is peculiarly invidious for the politician, and to get it done as far away from local influences as possible the whole mass of volunteers was sent across the Atlantic. So it came about that about sixty days after the beginning of the war the Canadian Armada set out upon its memorable voyage. Independently of the First Division a separate

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battalion, the Princess Patricia's Canadian Light Infantry, had been formed, partly by private munificence, partly with the aid of the Militia Department. It was formed at the outset almost wholly of time-expired men of the Regular Army, it was merged at first in that army, achieved a magnificent reputation, was replenished by drafts furnished by the Canadian authorities, and now has become part of the Canadian Expeditionary Force. This *corps d'élite* sailed with the First Division, the whole force consisting of eighteen battalions of infantry, and the artillery, mounted troops, engineers, and auxiliary troops of a complete division. The First Division proceeded to Salisbury Plain, and spent the winter in training. The discrimination which had proved impossible at Valcartier was effected there, and in February, 1915, twelve battalions crossed the Channel, while five battalions of the original contingent, now increased by sundry other corps, remained in England, in some cases to serve as feeders, in others to furnish the nucleus of a Second Division.

That Second Division was offered by Canada before the First Division was well clear of the Gulf of St. Lawrence. The furious opening of the war had shown the keenness of the need, and the country, instead of preening itself on the magnitude of its first effort, urged the Government on to a second. Preparations were on foot before the first week of October was spent, and by the end of the month a new policy had been framed. Two, or perhaps three things had to be done. The primary obligation was to keep the First Division up to strength, and this meant a constant stream of drafts. Secondly, a new division had to be raised, and its stream of drafts maintained. And, thirdly, precautions had to be taken lest mischief be done by ill-disposed persons in the United States. As the policy was enunciated by the Prime Minister on October 25 the Dominion would forward troops as fast as weapons and equipment could be procured for them, would so regulate its recruiting as always to have 30,000 men of the Canadian

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Expeditionary Force in the country, and would keep on foot 8,000 Militia for local protection. Through the winter of 1914-15, while the First Division was training on Salisbury Plain the Second Division was being raised in Canada when the First had crossed the Channel the battalions of the Second began to cross the Atlantic ; and by midsummer of 1915 the Second Division was fairly organised. Certain reservations must be noted. The First Division as it served in the Second Battle of Ypres was not wholly Canadian ; the Dominion could not furnish certain special units of the artillery, and they had to be supplied by English troops. The Second Division laboured under a special disability, for, in the difficult autumn of 1914 the Dominion sent to the War Office with the First Division nearly all of the guns which it had left after the outfitting of its Expeditionary Force, and for a while had more gunners than it could equip with weapons ; thus the Second Division had to draw a considerable proportion of its divisional artillery from the new Army. It should be added that for the work of the auxiliary corps—Army Service Corps, Motor Transport, Railway Construction, and the like, as well as hospital service, the Canadian had shown marked aptitude, and there had been no scarcity of these odds and ends of that strange organism the modern Army. Before the summer was over the Second Division was in France, and the Expeditionary Force had become an Army Corps, under the General who had trained the First Division in the mud of Salisbury Plain, and led it in the desperate fighting at Ypres. The process of growth went on. Additional battalions worked their way across the Channel, certain mounted corps which had been sent over joined them, and the Canadian Army Corps found itself with several thousand corps troops in addition to its orthodox two divisions. By November, 1915, it was decided to use these corps troops as the nucleus of a Third Division, and by the end of winter the new formation was complete, Canada furnishing the infantry and the auxiliary services and the Mother Country the artillery.

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The impetus to swell our forces abroad had not spent itself, and soon after the New Year the infantry of a Fourth Division was offered; the organisation of this body of troops and the provision of dépôt battalions and a proper flow of drafts to the numerous battalions now in France is the business now absorbing the Militia Department.

It may be observed in this connection that the smooth and prompt supply of fresh troops is not facilitated by the multiplication of independent battalions. Each corps as soon as it is gazetted begins to dream of going to the actual firing line as a unit, and its friends exercise such pressure as they can command to get it sent overseas. There is every inducement for them to do so, for an officer feels that his regiment is his military home, and if a corps remains in Canada those of its officers who will see active service are the subalterns who are detailed to drafts, and so quit their original regiment altogether. Moreover, the battalion in Canada gains no credit from and has no interest in the work of the men it sends overseas; a man enlists, say, in the 54th in British Columbia, is drafted to the 30th in England, is drafted again to the 7th in France; and if he gains the Distinguished Conduct Medal it is the 7th which gains all the glory from his gallantry. It might be an improvement if the Expeditionary Force were distributed into three—battalion regiments—the 1st Battalion in France, the 2nd Battalion in England, giving the recruits their advanced training, and the 3rd Battalion in Canada, recruiting and giving preliminary training. The home battalion of the 7th—to resume our illustration—then could exult in the honours won by the men whom it had enlisted and sent abroad, while the officers would be able to circulate with greater ease, those wounded at the front having a natural military home in England or Canada on recovery instead of having to look for fresh attachments, while the promising men in the home battalions could get to the front without wrenching loose from their regimental ties. The system seems worth trying.

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This is but one aspect of a large and pressing problem. Canada now has overseas, principally in Great Britain and France, from 80,000 to 100,000 troops. The maintenance of so great a number of men means an immense amount of administration, and this administration cannot be carried on in a distant centre. Canada's military centre of gravity has shifted from Ottawa to England, the midway point between the recruiting office and the fields where the finished soldier upholds the honour of the Empire, and it is becoming evident that an extensive regularisation of conditions in England is advisable. A great deal of business is transacted already in London and other places in England, but the present machinery has been improvised piece by piece, and now stands in need of co-ordination. An arrangement whereby the several agencies which manage our military affairs overseas can be brought into proper relations with each other now is our next step forward.

It is unnecessary here to say much about the work of the Canadian troops in the field. They have taken their place in the order of battle of the British Army, and have done their share in holding that extraordinary line that stretches from the North Sea to the Alps. The First Division had the honour of helping to bear the brunt of the enemy's first blow in the Second Battle of Ypres, and the Canadian battalions, troops with only some eight months of training, showed a tenacity, a constancy, and a fighting power which, it is pleasant to know, have caused them to be held in good esteem among their comrades in the Army. Some details of the battle are imperfectly known; in particular, an idea prevails in some quarters in Canada that the twelve Canadian battalions resisted the German thrust for days almost unsupported. This is unfounded, and puts in a false light a very gallant feat of arms. The facts are that when the German attack was made the Canadian Division held the line north-east of Ypres, General Alderson being responsible for this sector of the defence; that the British higher command left General Alderson in control of that

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sector and gave him reinforcements as rapidly as troops became available ; that General Riddell (who fell gloriously), General Hull, Colonel Geddes (who also was slain) and other subordinate commanders fought under the direction of the General of the Canadians, and that in the long and exhausting conflict General Alderson had at one time or another under his orders between forty and fifty battalions of infantry and several cavalry regiments. The emergency caused a strange intermixture of units, and the Canadians fought side by side with men of many regiments, alike of the Old Army and of the Territorials. In the subsequent "war of attrition" the Canadian forces, increased in time to an Army Corps, have borne themselves with credit ; they have perhaps shown special skill in the minor attacks which in the aggregate count heavily in trench warfare, alike in reducing the enemy's numbers and in sapping his confidence.

Canada. April, 1916.

AUSTRALIA

I. THE EVACUATION OF GALLIPOLI

THE evacuation of Gallipoli, and especially of Anzac, was of course an operation of the most intense and thrilling interest to Australia. So many of her sons were clinging to that "sickle-shaped cockpit," as it has been described, and so many were lying beneath the sand of the historic peninsula. Careful students of the military situation had formed the conclusion that abandonment was inevitable, but the swiftness and success which attended the movement were surprising. When, a few days before Christmas, the notice was posted outside the newspaper office that Anzac had been evacuated without casualties, people thought that the censor had been at work, and that the losses which appeared inevitable had been concealed. But when the news was confirmed, the cleverness and the masterly organization with which the withdrawal was managed brought deep relief to the whole country and evoked universal admiration.

One of the striking features of the storming and occupation of Gallipoli has been the chivalrous acknowledgment of the fairness of the Turks on the part of the Australian troops. Shortly after the attacks which began in April 1915, rumours were circulated of outrages having been committed by Turkish soldiers. But these were promptly contradicted by the Australians, who bore testimony to the fair fighting qualities of the foe, and to his being a "good sport." That, to an Australian, covers a multitude of sins. The letter left by the Australian brigadier in his quarters

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for the commander of the Turkish forces, breathes a fine Bayard-like spirit. "The brigadier presents his compliments to our worthy Turkish opponents, and offers those who first honour his quarters with their presence such poor hospitality as is in his power to give, regretting that he is unable personally to welcome. . . . In bidding *au revoir* to our honourable foes, we Australians desire to express appreciation of fine soldierly qualities of our Turkish opponents and the sportsmanlike manner in which they have participated in a contest honourable we trust to both sides. . . . We hope you will find the wine, coffee, tobacco cigarettes and food to your taste, and a supply of fuel has been left in the cupboard to ameliorate in some measure your discomfort during the cold watches of the winter. Our only request is that no member of the nation which was guilty of the inhuman murder of that noble woman, Miss Edith Cavell, to whose portrait this message is attached, will be permitted to pollute with his presence the quarters of soldiers who have never descended to such barbarous methods." The touch of soldierly fraternity and gentlemanly feeling about that message makes it worthy of a wide publicity.

The tone of Australian feeling concerning the evacuation was that, as persistence in the effort to drive the Turks from the Peninsula did not promise success, the defensive works being so strong and the scope for tactical movements so narrowly prescribed, it was a very creditable performance to have planned the removal of the troops with such complete success. But as long as the holding of the posts which had been won seemed to the higher command to be advantageous, Australia was glad to have her troops set to this difficult and dangerous enterprise. It was characteristic of the spirit in which the Anzacs fought throughout that there should have been competition among the regiments as to which should be the last to leave, and it was appropriate that the two hundred who formed the ultimate rearguard should have been the remnant of the first landing

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party. If Australia had any request to make in regard to the future conduct of this war, it would be that the deeds of her Anzac heroes shall be remembered when the armies of the Allies sweep on to victory, and that her troops shall share in the *coup-de-grâce* to be administered to an unworthy enemy, thoroughly beaten and immortally disgraced.

II. THE PRIME MINISTER AND THE LABOUR PARTY

IMMEDIATELY upon his attainment of the Prime Ministership, in succession to Mr. Fisher, Mr. W. M. Hughes was summoned to London. Shortly before leaving he thought it necessary to administer a severe condemnation to a section which is acquiring influence in his party, and which, indeed, in the opinion of many observers, threatens it with disruption. The utterance stung, as it was meant to do, and it has brought upon Mr. Hughes the full current of abuse which was formerly directed to the professed enemies of the Labour party. Mr. Hughes, it is now surprising to learn, is not the man who has fought Labour's battles for many years with unflinching brilliancy and vigour; he is not the man who has shaped its constructive legislation and brought its policy out of the clouds into workable form; he is not the man who has championed the cause of the waterside and other labourers in innumerable troubles and led them to successes which have immensely improved their lot; he is really a "Fatman" in disguise, a Judas, a Tory, a political corkscrew, and several other interesting things. He became the acclaimed leader of the Labour Party in November, and in January he became the victim of this venomous outburst.

The occasion of this quarrel was a speech delivered at a recruiting meeting at the Sydney Town Hall on January 17th, wherein the Prime Minister pointed out that neither Unionism nor any other institution could hope to escape the consequences of the present war. "There were,

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however," he went on, "some men who had attached themselves to the Labour movement, and, like parasites, they had endeavoured to suck from it that power and influence to which they had no claim. They have done nothing in the building of this great institution nor in the battling and struggle, and now that we have arrived at such a pitch that unionism can speak with a voice that all men listen to, we do not intend to allow it to be emasculated by such people. . . . If Unionism was to continue its victorious career it must keep its eyes fixed on the ideals with which it had begun, and never permit for one moment the contemptible lie to be circulated on their behalf that Unionism took an apathetic or indifferent place in the war." "The ranks of our soldiery are thronged with the Unionists of Australia. There is not a regiment in which they do not predominate, a battle in which they have not fought, nor a day in which they have not made records." Then came a few scorching sentences about the men whose conduct had made Mr. Hughes angry. "They are not Unionists," he said, "they are not Socialists, they are anarchists, enemies of society and of all that Unionism stands for. It is no use going round like tame cats to fight these men; they must be fought with the ferocity and strength of a Bengal tiger. Principle they cannot understand; religion they have no use for. There is only one thing they can understand, and that is force."

That is the speech which has called forth so much fierce language from certain writers in Labour newspapers, with whom he was formerly a hero, and from many platform orators. Before we discuss the underlying significance of what has occurred we may note some of the things which have been said about Mr. Hughes by the critics within his party. The Sydney *Worker* considered that he has made "a terrific attack upon a very small section of the community who do not affect the situation to any extent that marks them out for notice." "The Syndicalists and the I.W.W. are not formidable bodies in Australia." "They

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don't matter ; they are not big enough to be a factor in this great crisis." Whether that attempt to minimise the danger to the Labour Party and to discount the Prime Minister's attack is justified will appear in what follows.

The bitterest and most picturesquely abusive assailant was the *Labor Call*, published in Melbourne. It commenced with the elegant observation that "Billy Hughes got the froth off his whiskers with a vengeance," and described the Sydney Town Hall meeting as one whereat there was a "heaving sea of rich men whose paunches heaved before him as the bellows of his oratory rolled over them." After the exploit of making bellows roll over an audience, the *Labor Call* settled down to an unrestrained castigation. Mr. Hughes is now "William the political corkscrew." Moreover, "Hughes has ratted on every principle of the existing federal platform, and betrayed the referendums . . . than which never was a more shameless betrayal since Iscariot for 30 pieces of gore-stained silver, received from the greasy palms of the bosses of his day, unctuously handed Christ to the butchers." Again, "The democracy of William Hughes has been a good investment to him, and returned him solid dividends. He was no dreamer when ducats were to be gathered in the snuffling profession of a political creed that has not been lived up to by him." In another article the same paper described Mr. Hughes as one who "cares nothing for Labour or her ideals. He is for self and self only. He is a democrat only in name. Underneath the surface is the Tory." He is "the pet of the sweaters, boodlers and commercial cliques," and "the pal of the Fatman."

Such coarseness and violence are not unfamiliar to readers of some Labour organs—for the worst aspects of the Australian Labour Party, as well as its finer idealism, are revealed in its journalism. But what does it mean when the bilge-cock is directed to the head of Mr. Hughes ? It certainly means that though he is the chosen leader of the Labour Party there are some within it whom he does not

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lead, and that he recognises that this section, be it large or small, is an element of danger. Mr. Hughes is much too astute a politician to have made such an attack upon a negligible group. He made it because he recognised that the group is sufficiently large and vociferous to menace the solidarity of his party. Otherwise he would have left it alone. The number of heads that the cap was found to fit, the number of speeches and articles evoked, show that he had probably taken the measure of the situation accurately. By actions, too, as well as by words, this section seems bent on destroying the policy for which the Labour Party has fought. If we briefly recall the history of the development of the Labour movement in Australia, and the main lines upon which the party has worked, we shall be able to appreciate the nature of the cleavage.

Until 1890 trade unionism in Australia was conducted on English lines. The unions followed rules modelled on those of English Unions, their aims were industrial, and they had no political aims apart from those of other political parties. Trade Union congresses were held periodically, whereat resolutions were passed generally favourable to improved industrial legislation and occasionally also to political reforms; but these did not contemplate the formation of a separate party with distinct Labour ideals. In 1890 occurred the great maritime strike and the shearers strike; and from the defeat of the unions in those battles with organised capital dates the resolve to form a party separate from other political parties. Between 1890 and the establishment of the Commonwealth in 1901, the Labour Party had grown in strength in every Australian State and had formed a Government in one—the Dawson Government in Queensland, which, however, was of very short duration. Under the Federal Constitution the Labour Party secured a strong hold from the commencement. It held the key to the political situation in Parliament from the inauguration of the Commonwealth, and has maintained its strength continuously.

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The Conciliation and Arbitration Act was the first legislative project upon which the Federal Labour Party set its heart. Its influence led the late C. C. Kingston to resign from the Barton Government in 1902, because the Arbitration Bill prepared by that ministry was not sufficiently wide in scope. The first Deakin Government and the Watson Government were wrecked upon this same shoal. But at length the Labour Party secured the Arbitration Court that it wanted, and in Mr. Justice Higgins it obtained a President in whom it had complete confidence. The success of the Arbitration Court was the Labour Party's darling hope. Its failure would bring to naught the principal project for which the party has laboured for fifteen years, with the professed desire to end industrial strife by appeal to the impartial arbitrament of a trusted tribunal.

Until quite recently it was the boast of the parliamentary Labour Party, and especially of Mr. Hughes, that the trades affected by awards of the Federal Arbitration Court had never gone on strike. They had always loyally accepted the Court's decisions. But that can no longer be said; and here arises the influence of the section which the Prime Minister regards as pernicious. The miners of Broken Hill, defiant of the determination of the Court, struck for a forty-four hours week; and their conduct bore a darker colour from the fact that the ores and metals produced at Broken Hill were urgently needed for the manufacture of ammunition. What they did was, it is true, disavowed by other unions, but from the Labour Party's point of view the seriousness of the strike lay in the avowed repudiation of the very principle of arbitration by the spokesman of the strikers. Thus, the *Barrier Truth*, the organ of the Broken Hill workmen, spoke of arbitration as "the most damnable and insulting machine ever created for the benefit of capital by politicians seeking to keep industrial matters away from Parliament." The unions which refused to countenance the strike were denounced as "arbitrationist, politician-

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captured wasters." And when, owing to the intervention of Senator Pearce, the Arbitration Court was induced to ignore the flouting of its authority and to re-hear the case of the miners, it entered upon its task with the threat voiced by the *Barrier Truth* under its eyes, that the Judge "knows before he starts that it is our intention to ignore any but a satisfactory award." Officially, however, the men, through the President of their Union, gave an undertaking that they would "accept the award."

It is clear from what has occurred at Broken Hill, and from comments upon these happenings made by Labour people, that there is a movement for destroying the Arbitration Court, and that means the destruction of what has been the Labour Party's principal policy for the last fifteen years. It is Mr. Hughes's perception of what this spirit of revolt means that makes his declaration so interesting. It is not probable that the syndicalist advocates will gain such a degree of influence in the party as to deflect it from its established policy, but for all that recent occurrences are not to be ignored or minimised. From the tone and the plain letter of the passages which have been quoted, it is evident that the element which has made its existence felt at Broken Hill, and which has by its fierce onslaught on Mr. Hughes manifested its sympathy with the anti-arbitrationists, will either have to be tamed or ejected.

The difficulties which beset the leader of the Labour Party find some compensation in the support which the Prime Minister is receiving at present from Australian opinion in general. But the shape in which that support comes may sometimes be embarrassing rather than helpful. Mr. Hughes's biting phrases concerning the wolves within the Labour fold when reiterated in "the capitalistic Press" have an added sting because they recall everything that that Press has been in the habit of saying about the Labour Party as a whole. Labour men are marked by an extreme class-sensitiveness that makes them judge a thing less on its merits than by a consideration of the quarter from which it

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comes, and attacks by the metropolitan journals on any section of their party serve to draw them together in bitter resentment—"an injury to me is an injury to all." Moreover, opponents of the Labour Party may well help to drive a wedge between Mr. Hughes and his followers, without acknowledging any obligation to continue any support to him.

To those who have no political axe to grind the significance of the incident is that it may lead to the removal of a deadly cancer from one of the most powerfully organised parts of the State—a cancer which might very well cause the final ruin of the whole State—and may on the other hand lead to a new integration of all the healthy progressive sections of the community: a consummation surely to be most devoutly sought by all who put the future of the people of Australia above mere political advantage. Many are beginning to awake to the fact that the term "working class" has been allowed to become stereotyped to an utterly false use, singling out quite arbitrarily one particular class of the community as if it were homogeneous and had a prescriptive right to a newly recognised dignity of labour. The time is ripe to a new grouping of all who do *useful* work, whether it be primarily by muscular effort or by thought; and anything that may hasten such an important result is most cordially to be welcomed. The thing will be very difficult and delicate to do, but it would be hard to imagine anyone more favourably placed for doing it than the present Prime Minister of Australia.

At the moment of writing comes the news of Mr. Hughes's progress through Canada on his journey to England, of his appointment to membership of the Privy Council of the Dominion, and of the Duke of Connaught's cablegram to the Governor-General stating that "his speeches have made an excellent impression." Australia is glad of that. It was to be expected, for Mr. Hughes has commanding gifts. Throughout the war his intense and fervent spirit, his clear visions of what Australia stands for in the great

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struggle, and of what it means to her, his abounding energy and his promptness and strength in action, have proclaimed him a statesman of high rank. Still later have come cable messages concerning the Prime Minister's reception and his speeches in England, and their suggestive references to the post-war relations between Great Britain and the Dominion. That subject, however, and the criticism of Mr. Hughes's speeches by Australian public opinion, will require careful consideration hereafter.

III. ECONOMIC DEVELOPMENTS

SOME important developments have taken place in connection with the arrangements for disposing of the wheat harvest, described in the last number of *THE ROUND TABLE*. At the beginning of March it was announced that the Wheat Board which had been constituted for supervising the execution of the scheme had fixed the price of grain for sale to Australian millers at 4s. 9d. a bushel, which was considerably below London parity. This caused a great outcry from the farmers, who declared that to give the local consumer a preference over the world rates was to impose an unfair tax on the producer. The measure was justified on the ground that the price the farmer was able to obtain in London was due entirely to national co-operation and the use of national credit: the influence and resources of the Government had been employed to get tonnage at far below current rates, and the same measures had furnished a credit which released the farmers from dependence on speculators, as was shown by the fact that, before the intervention of the Government, farmers were glad to sell at 3s. and 3s. 6d.

Following upon a fixed price for wheat sold to the miller came the Commonwealth Government's action in establishing a price for flour and bread—the former at £11 8s. a ton (a reduction of 22s. on current prices), the latter at 6½d.

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the 4-lb. loaf for the metropolitan areas. The action of the Commonwealth Government was justified on the same ground as the fixing of the price of wheat. If the Governments had stood aside and left the whole matter to the operation of the ordinary course of trade, the consumer of bread would have had the advantage of an over-stocked wheat market. The Government could not leave the consumer unprotected in the conditions brought about by Governmental action undertaken in the interest of the producer.

There is a good deal of criticism of the latest action of the Commonwealth Government, in particular from the States Governments, which were parties to the wheat pool and to the fixing of the special price for wheat for Australian consumption. Both New South Wales and Victoria protest against the attempt of the Commonwealth Government to prescribe regulations for varying local conditions, of which the State Governments are likely to have better knowledge. Thus, Mr. Hagelthorn, the Victorian Minister for Agriculture, supports the protest of the bakers that, with flour at £11 8s. per ton, bread cannot be produced at less than 7'4d. or 7'5d. per 4-lb. loaf; and the Attorney-General for New South Wales makes merry at the fact that Sydney does not use the 4-lb. loaf at all.

The financial situation is dominated by the success of the war loan. The Commonwealth Government asked for 10 millions and received applications for over 21½ millions. The price of issue was par and the interest 4½ per cent. free of Commonwealth and State income tax. This last feature, as already pointed out in THE ROUND TABLE, makes loans attractive to investors in proportion to their means, for the progressive character of the income tax increases the value of the exemption as the income increases. The total number of applicants was 28,649, including, besides individuals, a large number of firms and commercial and financial institutions.

The whole amount subscribed was allotted, as on the

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former occasion, so that the Government has now raised over £34,000,000 in Australia by loan in less than twelve months. The natural satisfaction at the success of these operations is tempered only by uneasiness as to the want of thought which may attend its expenditure. We are assured indeed—and there is no reason to doubt the assurance—that the whole of this money is ear-marked for war purposes. But it is quite imperfectly realised by either Commonwealth or State Governments that to maintain the normal public expenditure based on the fiction of "business as usual," along with a war expenditure which during this year will amount to about 60 millions sterling, is to court trouble in more than one way. The glorious prosperity to which Mr. Hughes referred in one of his valedictory speeches is of a kind with which economists are only too familiar.

In one direction the Commonwealth Government has shown signs of financial activity in a way that has brought it into conflict with the banks. On the ground of the need for protecting the credit of the country, the Government prohibited the export of gold. In an interview with the representatives of the banks, the Treasurer, Mr. Higgs, pointed out that the issue of Commonwealth notes exceeded 42 millions, against which the Treasury held a reserve of something over 15 millions, an amount deemed sufficient so long as public confidence was maintained. But if gold were allowed to leave the country to the extent it had been leaving it, public confidence might be disturbed. If the business were to be undertaken at all, it was matter for consideration whether it should not be undertaken by the Government alone. The bankers on their part were not slow to point out that they had reasons as good as Mr. Higgs for doing nothing likely to injure credit and disturb public confidence. But if the indebtedness of Australian traders to London could not be settled by exports or by establishing new credits in London, the credit of the country required that it should be settled by exporting

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gold. The shipments of gold during 1915, amounting to about 10 millions, had been necessary to maintain the exchanges in view of the deficiency of exports of other produce. It was stated that the amount of gold now in Australia was in excess of that held in 1914. When gold exceeded the reserve and currency requirements it might properly be shipped abroad ; and this was a patriotic duty when the shipments would relieve the strain upon the gold resources of Great Britain.

A difficulty of course arises in determining what the reserve and currency requirements are. On the one hand, the note has practically superseded gold for ordinary purposes of currency ; on the other, the note represents a new liability which demands a new reserve. The bankers believe that the best guide is still commercial needs, tempered by a prudence in which they consider themselves not lacking. They protest, too, against the notion that their assets, which form the security of their customers, form in any special sense the security against the Government note issue. The Treasurer, on the other hand, apparently takes the position that the situation is a novel one, which, like many another that has arisen during the war, lies rather outside the ordinary experience of commerce and banking. Mr. Higgs did not strengthen his position in the course of a quite irrelevant attack upon some of the banks for not having taken up more of the Commonwealth loan. The banks have already, at the instance of the Commonwealth, accepted notes for gold, and the Treasurer now suggests that they should surrender 15 millions of these notes for Commonwealth bonds. Anticipating the answer of the banks that the notes were held not as an investment but as reserves in their business, Mr. Higgs, who, but a few minutes before, had been nervously anxious about public confidence, was ready with the assurance that there was "no evidence at the present time of unrest in the public mind," and if depositors became uneasy, the banks on lodging 33 per cent. in gold and security at the

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Treasury could get Australian notes. This, however, would involve an abandonment of the limit of £45,000,000 beyond which the Government has agreed that the note issue cannot safely go.

The incident had ended by the Government conceding a limited permission to export through the Commonwealth Bank. But the case suggests one general consideration of importance. Government is in all directions laying heavy hands on commercial and financial operations; and in doing so, the will to organise may very easily manifest itself as a power to disorganise. If mischief is to be prevented, Government must associate with itself the best expert knowledge and ability, severed from all connection with particular interests. Thus armed, the Government will be able to listen with confidence to the representatives of these interests.

The need is only emphasised by the war, and is likely to be a permanent one. It points to the necessity for some recognition, in the organisation of our public service, of the very special talents and qualifications which modern administration in an increasing degree demands.

Two other war measures of importance in the financial sphere have been taken by the Commonwealth. The first of these is to prohibit the issue of capital in the case of any company, except with the permission of the Government. This restriction has been generally acquiesced in. The other measure related to shareholders of enemy nationality or enemy origin in Australian companies. This at first created some alarm, as it was believed that these shareholders were to be required to dispose of their shares at once, a course which would have been harsh to them and injurious to other shareholders. The Ministry, however, disclaimed the intention of doing anything which might have even the appearance of confiscation, and eventually the Government regulations provided merely for the transfer of interests to a public trustee into whose hands the legal title and therefore the control could pass during the continuance of the

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war and for twelve months afterwards. Power was also given to the Attorney-General to sell the shares in any case in which he thought fit. So far as concerns dividends accruing during the war, the public trustee can allow to the shareholder a sufficient part to provide a reasonable living allowance for himself and his dependants.

The economic position of Australia, in the new conditions which will prevail after the war, was seriously engaging the attention of the Prime Minister at the time of his departure. The conditions created by the return of soldiers and their absorption into civil life and the cessation of war industries ; the obligations undertaken to the British Government and to our own citizens in the form of war loans and the note issue ; the provision of pensions and allowances to soldiers and their dependants ; the diversion of trade from some accustomed channels, and the diminished purchasing power of some of our present customers ; the loss of borrowing facilities for the "development of our natural resources" and incidentally for the employment of large numbers of our citizens, whose consumption is the livelihood and the prosperity of others—all these factors have to be dealt with. Amid much that is uncertain, one certain thing is that if "Australian conditions" are to be maintained, the energies and intelligence of the country have to be addressed to an increase of production. For some years past our non-exporting manufactures have been increasing in a larger ratio than our exporting primary industries. During the ten years 1901-1911 the yearly increase of persons engaged in primary production was only 1 per cent., while in manufacturing industries it amounted to nearly six times that percentage. In April last year the Inter-State Commission noted that "we have in Australia a comparatively small and not rapidly increasing population the requirements of which in manufactured articles we are likely to meet successfully within a reasonably brief period of time." Mainly our reliance must be on the increase of our primary production ; yet our output per head of popula-

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tion does not materially increase as does the output in the case of manufactured articles. Here, as the Commission points out, are problems of land settlement, irrigation, agricultural education and research, facilities of transport and trade, etc. In the next place there is the consideration of the extent to which our primary products may be made the raw materials of Australian industries, either for the home market in place of articles now imported, or for the foreign market. To a country accustomed to fiscal protection ready means are likely to suggest themselves in the form of higher tariffs against imports, duties on exports to compel the use of our raw material here, and privileged markets over-seas for the consumption of our products. Strong influences are already at work in these directions. But whatever may be the ultimate attitude of the Government towards these schemes, Mr. Hughes at any rate is aware that no political machinery alone can meet the necessities of the case. He has learnt the lesson of British neglect of science and its application to industry, and is convinced that we must without delay direct the best intelligence amongst us or that we can procure from without in raising our productive power. With this in view, he announced in December that it was the Government's intention to found an Institute of Science and Industry. Following on the famous debate in the House of Commons in May of last year, the Imperial Government sent to the Australian State Governments a statement of the steps it was taking to encourage scientific research in relation to industrial problems. A Committee consisting of the Prime Minister, Mr. Hughes, representatives of science, commerce and industry, and the President and a member of the Inter-State Commission, was appointed to formulate the proposals of the Government. This Committee reported that it had been impressed with the magnitude and possibilities of the proposals, which it believed would result in greatly increased productivity in many directions in both primary and secondary industry.

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The Committee added that a Commonwealth Institute of Science and Industry should be established by Act of Parliament, and that the functions of this Institute should include the promotion of scientific research in relation to industry, the collection and dissemination of industrial scientific information, the establishment and control of National Laboratories and of industrial research fellowships, the co-ordination and encouragement by grants, etc., of scientific investigation wherever carried out. The definition of the functions of the Institute is very wide and should cover every possible activity which is likely to contribute to the end sought. The Institute is to be controlled by three highly qualified salaried directors who are to be members of, and receive advice from, an Advisory Council consisting of nine members representing science, and the principal primary and scientific industries. The Committee recommends that one of the directors should be a business man and an organiser, the other two are to be chosen mainly on account of scientific attainments and wide experience.

It has often been the complaint of British scientists, and with only too much justification, that while other experts are paid for their work the scientist is expected to work merely for the love of his occupation. The Commonwealth Government regards the scientist as worthy of his hire. Payment is to be made for all expert service and bonuses are to be given to successful discoverers or inventors working under the auspices of the Institute.

The great difficulty of the Institute will be to find in Australia a scientific staff. Few have studied pure science at the Universities in such a way as to obtain some experience of the methods of original investigation; and the first work will be to train some of the personnel of the Institute. A preliminary Advisory Council has been established whose duty it is to consider such matters.

A number of problems have already been suggested for consideration by the Institute. The war has made it

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important to solve such questions as the refining of those Australian ores (such as zinc ores) which before the war went to Germany, and the manufacture of fine chemicals and explosives. It is probable that the Government will place an export duty on unrefined ores.

If the Institute were to meet with only the success which crowned the wheat-breeding experiments of William Farrer, a Cambridge wrangler, its establishment would be fully justified.

Australia. March, 1916.

SOUTH AFRICA

THE REBELLION—ITS BACKGROUND, AND ITS RESULTS.

EVERYONE knows that time, distance, perspective are essential to correct judgment. Everyone feels that without these it is impossible to see things in their right proportions. Whether one is attempting to deal with the war as a whole, its glacier-slow movements, and its effect on the whole world or with the conditions and factors in any particular country, the essentials for sound judgment are wanting. Would it be possible for anyone anywhere to get a true perspective looking only from the angle of one man's point of view? If there be a doubt as to finding an infallible authority anywhere, then multiply it many fold in the case of him who answers with confidence to the question, "What is the position in South Africa?" To have been born and lived one's life in the land of surprises does not make for confidence and encourage prophecy; for who can understand the Boer?

On the day on which it became known that rebellion was a fact, a prominent supporter of the Government, himself an educated experienced Transvaal Dutchman, summed up the position. "Without organisation, arms, ammunition, or supplies, without a known grievance or cause, or definite aim; without a common plan or an acknowledged leader, they move, like the ants, the locusts and the springbuck, as if an unknown law of nature compelled it. Who can understand the Boer? They are my people, but they beat me!" One can hardly escape the conclusion that education and a wider experience had impaired

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the instinct in him and destroyed the subtle, indefinable bonds. A nearer and even more authoritative view is obtained from an incident which occurred some three years ago. The story was told by a well-known South African of British descent, who, whilst opposed to him in politics, had been for many years on terms of personal friendship with the late General Delarey. A party of half a dozen men were discussing the significance of the split in the Dutch Party, when Delarey strolled up to the table and stood listening with a look of quiet amusement in his eyes. The prevailing opinion was that, as the Dutch were in power and could remain in power, and as they had all they wanted, they were certainly not going to split; and, therefore, there was nothing in the Botha-Hertzog quarrel. During a pause the old Boer leader turned to his British friend and said "And what do you think? Why don't you say something, you were born among us." The reply was, "Yes, and I have learnt this at any rate—that I don't understand the Boer." The old fighter's answer was rapped out with surprising suddenness, as with a careless laugh he pointed with his pipe-stem round the table, "That's why you come so much nearer than these others."

Delarey was a singularly attractive character: a natural soldier of the first rank, but a genuine lover of peace. His simple candour was as proverbial as it was embarrassing. His easy, good-humoured and indifferent, but non-offending bluntness made many forget that he was yet Boer of the Boers, and that the grave itself was not so unrevealing of the things that mattered. Presently he pointed to an earlier speaker and said, "I'll tell you. You talk about Union of all the states; of *one* country; *one* parliament; *one* Government; *one* flag; *one* King! What does that signify to the Boer? Do you think that matters to him, that that is what he wants? Why, I can remember the time when we had five Governments in the up-country—all our own, too! and *that* was not enough. No sooner

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did we start a new Government than there would be two parties again and each would want its own Government and Parliament, and we would take our rifles and break up again. It is the way of the Boer." Then another careless laugh, and "I tell you *this is going on!* Now that we no longer have any English or Kaffirs to fight we shall quarrel among ourselves! It is the way of the Boer!"

The late Jan Hofmeyr, a statesman of more than South African range, who formed and led the Dutch Party in Cape Colony, and ruled it absolutely until he died, recognised this same weakness in his people and accepted it as a governing factor. For thirty years, excluding the period of the Boer War, no Government held office except by consent and support of the Dutch Party. He was content with the real power, but refused to accept office, holding firmly to his oft-expressed conviction that "the day the Dutch accept office the break up will begin."

Add to these little shafts of light the well-known fact that the Peace of Vereeniging, which ended the Boer War, whilst it showed the two Republics standing as one against the common enemy, did not conceal from the peoples themselves that the deepest and bitterest division existed between them. Indeed, the necessity for agreement upon a common line and common terms, far from having a healing and unifying effect, gave occasion for mutual reproaches and suspicions and acute dissensions. But the presence and power of what was then considered to be the common enemy, the British Government, bade them hide these things, close up their ranks, and face the future as an united people. They did it with a degree of success which left the world without a suspicion of the truth. An entire people achieved what is thought to be possible only for a small secret society. There followed the period of Crown Colony Administration—"Milner Rule" as it was called—and it would be interesting to trace how clean administration, constructive work, and progressive

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ideas and influences produced their inevitable fruit of returning prosperity and development, and how the leaders, realising this and what it portended, moved to secure self-government. But for such matters, there is neither space nor need here. Self-government for the two former Republics, with the Dutch in complete control, supplied the first test of the knowledge and insight of the two men whose views have been quoted—Delarey and Hofmeyr. The three years' experience of responsible government in the Transvaal and the Orange River Colony revealed and widened the breach so successfully hidden at Vereeniging; and when the four colonies met in the National Convention to promote the Union of South Africa it was known to some, but not to many, that whatever differences might develop between other states would be transient and trivial compared with the undisclosed feud between the old allies. Both aspired to the leadership of the Dutch. Mr. Hofmeyr, possibly because of failing health, possibly because of the life-long habit of being the power behind the throne, made the mistake of his life which gave to General Botha the great opportunity. He refused to accept the responsibility of his power and declined to act as a delegate to the National Convention. When the latter decided to sit with closed doors, he was "disconnected"—his power was gone. His had been "a one-man rule," and he had provided no successor. His efforts to retrieve the position at a later stage produced only some delays and the "scrapping" of proportional representation for Parliamentary elections which had been adopted by the Convention. The struggle for the hegemony of the Dutch had been definitely transferred to the North, to be fought out between the two old allies—the late Republics.

The difference between the circumstances and conditions of the Transvaal and Free State were alone sufficient to produce different policies. The difference in character, capacity, and experience between their respective leaders

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would have produced a great divergence. The position to-day is the logical outcome—indeed, one might put it closer than that, and say that it is the actual resumption—of the situation in the National Convention itself. Generals Botha and Smuts, inseparable and essentially complementary, had learnt from experience and realised by their judgment that the domination of all South Africa by the Dutch and for the Dutch alone was impossible. They realised that, even then, it was impossible to obtain an all Dutch majority, and that the attempt to do so would end in disaster. Their policy expressed these convictions, and although many of their Dutch supporters believed that the more liberal attitude was merely a ruse to lure seceders from the British section and use them to keep the Dutch in power, the leaders themselves were too wise not to realise that the departure was irrevocable and that the divergence must ever widen. Other influences, personal, local, and provincial questions, and the many minor crises of politics strengthened their own conviction, and made it clear that only on the ostensible basis of fair play to both races could a Government retain a majority. The effect was not lost upon the Dutch, in whom the peculiarity of “giving too little and asking too much” is not confined to matters commercial; and especially in the northern provinces—the late Republics—there was a growing and resentful realisation of the departure from the simple old Krugerian faith that “we are the people; the rest are aliens and coloured trash.” But the crisis did not come until another problem came upon the scene. South Africa is not insulated and watertight. It is part of the British Empire. Generals Botha and Smuts knew that the full adoption of the broad view, or any attempt to win over British-born voters, must lead them straight and speedily to the frank and final abandonment of hostility, or even indifference, to the Empire. A volume could be written on this difficulty, but they faced it. And there was the Rubicon crossed.

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Widely different in character, capacity, experience, outlook, and aim are the leaders of the other Party—not leaders in the greater sense, just typical representatives, much nearer to their people than are the other two. It is asked, are they strong? The answer is that they appeal to the section and the sentiment which were strong enough to make two wars possible and to defeat the healing purpose of the Union National Convention, and if they were not strong now it would be because some miracle had worked unseen to change the unchanging Boer.

When General Botha undertook the task of forming the first Government of the Union, he did so having suffered defeat and dictation at the hands of the extreme racial party. It is true that there were difficulties and complications and that the racialists were aided by party politicians not of Dutch descent; but the fact was generally accepted that, whilst General Botha favoured a non-racial first Government for the Union, his rivals insisted on continuing the old racial division; and he had to submit. Ex-President Steyn, the veiled Prophet of Afrikanerism, was unable, because of ill health, to take office, and General Hertzog, a man of no special capacity, stepped into the Ministry with the prestige (among a certain section) of the people's choice who had been refused recognition and had compelled it. The issue was clear from the outset and the end certain. Whilst the Prime Minister was endeavouring to allay racial feeling and remove causes of racial difference, and was insisting that the interests of South Africa and the Empire did not necessarily conflict and were generally identical, his Minister for Justice was following him through the country ridiculing the injustice, insincerity and poltroonery of General Botha's policy of conciliation. The inevitable rupture and the dismissal of General Hertzog brought the struggle into the open; the split in the South African Party followed and the Nationalist Party was formed.

A racialist party requires no high qualities of statesmanship in their leaders; partisanship is what they want and

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General Hertzog adequately met the demands of the occasion. General Botha was denounced as false to his country because he recognised its position as part of the Empire; he had betrayed "his people," because he had said it was possible for a man not of Dutch descent to be a "good South African"; he was an "Imperialist and a Jingo," because he refused to see a conflict of interests between South Africa and the Empire before even a question had arisen. But the unchanged attitude of this old Krugerian section was best illustrated by the instant demand that General Botha and his Government should resign "because they had forfeited the confidence of The People."

At first the Party consisted solely of the Free State followers of Messrs. Steyn and Hertzog; but the appeal soon reached a far wider circle. The first Parliament of the Union was in the last year of its life, and the difficulties, delays, disappointments and friction, inseparable from the recent change in the condition of the four states, played into the hands of the Nationalists. The Dutch Reformed Church, a most powerful and efficient organisation, was overwhelmingly on the side of Race and Language. For a time, the old division between the Transvaal and Free State seemed to mark off the two camps, but this did not last. Numbers of the younger men, fed on the heady stuff of fierce racialism and too young to have experienced the meaning of war and its bitter lesson, joined the party which appealed to their strongest prejudices and offered scope for their talents and ambitions. The movement began to spread into the Transvaal and parts of the Cape Province. On the other hand, even in the Free State, the substantial men were in the main on General Botha's side. They wanted peace.

That was the state of affairs when General Delarey volunteered his views. It was an open question then whether or not the Nationalist movement would ever amount to much. It was discussed for many months to the exclusion of all else in politics, but Germany, as a possible

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factor, was never even mentioned—at any rate in public. The whole truth about the part played by Germany in South Africa will never be known, but much is known already. The National Convention which drew up the Union constitution was actually sitting when the Kaiser's famous interview, in which he claimed to have supplied Queen Victoria with the plans for Lord Roberts's campaign, was published. The effect produced upon the Boer leaders was remarkable. Notwithstanding their refusal to discuss it, there was the clearest evidence of bitter resentment and disgust, and not a few hints of another tale that they might unfold. One practical result was that it supplied a fresh argument and incentive for the Union of South Africa and the creation of an organised and united Defence Force for protection against the enemy then building military railways and amassing men and munitions over the border in German South-West. At the time this feeling was common to all, Dutch and British-born alike; but the division between the two old allies—and one must add, between the two ideals—was so deep that even here the two Dutch sections soon parted company. It is certain that General Botha and his party have never forgotten the calculated treachery of Germany in the Boer War. The attitude of the other Party is not so clearly defined. In opposing the Enemy Trading Bill (March) General Hertzog stated bluntly that his part German ancestry did not permit him to view Germany as an Englishman would. In Parliament and at meetings throughout the recent elections he has extolled the rebel leaders now in gaol as heroes, and declared himself heart and soul with them as rebels against the Government, but not against the Flag—a distinction which, whilst gravely applauded by a large section here, leaves most people speechless. He and his party refuse to acknowledge even now that there was a rebellion: they call it "an armed protest." Some of the rebel leaders were elected as principal office holders and leaders of the Nationalist Party Organisation and continue to hold office

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whilst still in gaol. One of them, Colonel Kemp, a highly placed officer in the Defence Force, was captured in German uniform with German guns, small arms and ammunition supplied to him through another traitor and deserter, Maritz, by the German Governor General Seitz.

At the back of the heads of all is the conviction that matters of this kind are not going to be settled until the war is ended. To parties so bitterly divided reason, evidence and fact are terms which have lost their meaning. Nothing but the great decision will convince them. On the side of the loyalists, the British habit of tolerance which treats rank treason as wild talk and leaves excited revolutionaries to the cartoonists, has been a good deal in evidence; and the deliberation and cool-headedness of the Dutch no less. Both races have been highly tried, far more highly tried than will be appreciated for some time to come. In the give and take that is needed to secure united action, and practical agreement, both have given heavily. The end is not even in sight, and, whilst it is probably correct to say that the refusal of the Government and of the leaders of the English-speaking people to take strong measures or depart from the attitude of forbearance have been successful, it cannot be denied that the position is still full of dangerous possibilities.

Very interesting indeed is the continual conflict of opinion between the most competent and reliable authorities as to the origin or object of the rebellion. Equally reputable and loyal men have stated their belief (1) that there was German inspiration and influence behind it; (2) that it was an organised attempt to regain independence; (3) that it was merely a blind following of local leaders; and (4) that it was a rebellion against the Botha-Smuts Government—a revolutionary movement, not hostile to the British Flag. And if the fragments of information and evidence and the illustrations given in the foregoing pages should have given the reader no clear idea of the real position, but rather increased bewilderment, they will have

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done neither more nor less than a fuller knowledge of detail has done for the people on the spot. The fact is that there is truth in all these readings of the rebellion. The German instigation and help have been proved beyond doubt, as also the aim and attempt to regain independence. The follow-my-leader movement among ignorant country folk may be allowed a place : it is not very important, and it is always present on such occasions. The really important matter for South Africa is the extent and strength of the anti-Botha movement and sentiment. Upon this, and upon this alone, is founded the Nationalists' insistent protest that the movement was not a rebellion at all, but only an "armed protest." The contention appears at first glance too far fetched, but it is worth considering nevertheless. This "armed protest" and breaking away is, as General Delarey observed, "the way of the Boer." There are numbers of instances in South African history ; and it is quite possible that the rebellion was due as much to the feeling against the Botha-Smuts *régime* as to any positive desire for independence, indeed, the intensity of feeling against these two men and the comparative ignoring of the British by the rebels, and the general absence of feeling and violence against the English-speaking people individually might lead one to believe that the movement was essentially against the two men and that the Flag question was secondary and incidental. And, as a matter of fact, that is not far from the truth. But—and it is a very big "but"—it is the attitude of these two men towards the Empire and the English-speaking section that is the principal ground of their offence ; and they are hated and reviled as "traitors to their people" simply because they were loyal to their oaths and their trust.

Some light is thrown on these matters by the terms which the rebels demanded when General Botha made his final attempt to avert bloodshed before the first shot had been fired, but after the rebels had seized several towns and mobilised in force. They made three conditions :

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(1) The German South-West Campaign to be stopped and abandoned ; (2) a complete amnesty for all, including the traitor Maritz, who had joined the Germans with the Union troops and guns under his command ; (3) the resignation of the Government, by which was meant, and understood to mean, the exclusion of Generals Botha and Smuts from any future Government representing the Dutch people.

Once more the Krugerite claim that the Dutch alone are the People was put forward, and, notwithstanding that a General Election would take place in a few months, it was insisted upon at the price of civil war. Although General Hertzog and ex-President Steyn were claimed by the rebels to be their leaders, there is no evidence to show that they instigated or even countenanced resort to rebellion and use of arms, either to restore the Republican flag or to oust the Botha Government ; but what is abundantly clear is that whilst they denied the one aim, they refused to denounce the rebellion, and excused it on the ground that the Government were the real offenders and had deliberately provoked it.

The Nationalist Party, although only in its infant stages, formed a ready-made organisation for the rebels. It was the rallying centre for racialism and discontent. The rebellion made it powerful. If in the rebel ranks there were mixed motives and parties of differing aims, the Nationalist Party as it now exists is very much more marked by this characteristic. It now includes great numbers who are in truth rebels against—*i.e.*, uncompromising opponents of—General Botha and his policy, but in no real sense rebels against the British Flag. They are anti-Imperialistic in the sense of being entirely South African in their aims and interests : they acquiesce with satisfaction, indifference, or resignation in the British connection, but while they welcome all the advantages they are unwilling to shoulder any of the responsibilities. They are radically and irreconcilably anti-Botha. The elections

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have shown that this Nationalist Party—by no means wholly rebel, but whole-heartedly in sympathy with the rebels themselves, though not with their Republican or pro-German aims—represents quite one-half of the Dutch voters. They were badly beaten for Parliament, for they returned only twenty-seven members as against General Botha's fifty-four, and their nominal leader in the Cape Province—the Rev. Malan, of the Dutch Reformed Church—was defeated by a Dutch Member of the Cabinet. But an analysis of the voting, that consolation prize of elections, shows that at least one-half of the Dutch voters are not content to regard General Botha as representing them.

Even political opponents will admit that few leaders have been called upon to face responsibilities so great and difficulties, complications, and crises so numerous as those which have confronted General Botha and his other half, General Smuts. "First in war and first in peace," they were the trusted leaders, not of a victorious but of a defeated people. But could any man hope to retain that position, even under most favourable conditions? General Botha was only forty-four when he became the Prime Minister of the Transvaal, and, humanly speaking, he was bound to outlive the feelings of the time of the war. The formation of his first Government caused acute divisions, for even then there was a Nationalist section, post-Kruger and pre-Hertzog, led by General Beyers, who was, however, silenced with the Speakership. The formation of Governments is always likely to make enemies, and South Africa is no exception to this rule. Then followed within three years the work of the National Convention and the founding of the Union, involving immediate and enormous material and political sacrifices on the part of the Transvaal for the ultimate but unquestionable benefit of all South Africa—and even the Transvaal itself. And this meant more enemies made, more supporters shaken. On the heels of this came the formation of the first Union Government,

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upon the old racial party lines. Out of four existing Governments, representing the conflicting interests of four colonies and many personal and sectional interests and influences in each of them, the Prime Minister had to choose the men for one Ministry. This was accomplished, as has already been shown, only at the cost of a bitter struggle, and of the defeat, for a time at least, of the policy of non-racial government to which General Botha had committed himself. There was no cohesion, no common purpose, no constructive work or effort possible in those conditions. Division and impotency within the Government produced their inevitable effects both inside and outside the Cabinet. There were within three years two Ministerial crises involving the shedding of two principal Ministers, and one resignation by the Prime Minister followed by the formation of a fresh Government. There were two industrial strikes on the mines and railways in which the military and the Defence Forces were called out and used—for, as was said by General Smuts, "they were not strikes, they were revolutions." Then came the deportation of the strike leaders, secretly and without trial—an act whose despotic and unconstitutional character caused a great lessening of confidence among many who refused to recognise in its effectiveness and essential mercifulness towards the offenders themselves and the whole community any offset to its illegality. At the same time silently and pitilessly the worst drought experienced for more than a generation was eating up the country and bringing misery, ruin, and even starvation to a large section of the country people. In the midst of this came war and rebellion, completing the ruin of those already hard hit by the drought and paralysing the work of both loyalist and rebel throughout a great part of the country where most of the men were in the field for over half a year on one side or the other.

In these circumstances it is not surprising that at the recent General Election for the second Union Parliament

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General Botha's once united Dutch Party should have dwindled at the polls to a half. The strength of parties in Parliament is now as follows :

South African Party	54
Unionist	40
Nationalist	27
Labour Party	3
Independent	6
<hr/>	
Total	130

The Unionists pledged themselves at the Elections to support General Botha until the conclusion of peace, and the Government remains in office with their support. There is no secret or pretence about the position. It is clearly understood in so far as such an undertaking is capable of being understood or carried out. But it is one of difficulty and peril from day to day. How difficult it is is well illustrated by the taunts of two successive speakers on the Nationalist side in a recent debate. The first charged the Government with having sold themselves to the Unionists, whose dictation had to be accepted in everything as the price of office from day to day. The second ridiculed the Unionist "so-called" opposition on the ground that having pledged themselves to keep the Government in office they were now obliged to swallow anything which General Botha chose to label as vital or to raise as a test of confidence. The underlying truth in both criticisms does not need emphasising ; but it establishes the fact that Parliament exists in an atmosphere of perpetual crisis.

The position of the Unionist Party is specially difficult. The loyalty of British South Africans is not keener or greater than that of their brothers oversea ; but there is in it something different, something begotten of the country's chequered history. Born in travail, grown under

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ceaseless test and opposition, nurtured on neglect and worse in earlier days, fed upon struggle and strife, it has stood the tests of time and trial. There is a fierceness in it known only to those who have spent their lives in sleepless defence of that which they love. If it be realized how strongly that spirit lives to-day it will be possible to form some conception of the feelings of the British-born South Africans, and of the difficult and almost heart-breaking task of Sir Thomas Smartt and his Unionist colleagues who represent the great bulk of the English-speaking people. If it be admitted that General Botha has done all that was possible for him and more than was or could have been expected; if it be granted that the difficulties and trials he has overcome and the risks he has taken entitle him to praise and gratitude unstinted, there will still remain something to be said before justice will have been done.

Take the case of the contingents. Here, as was inevitable, there has been no such lead given by the Government, as has been given by the Governments of the other Dominions. In the face of inaction and opposition, of division and civil war, the British-born people themselves have had to move. The despatch of a contingent to Europe—an act of doubtful wisdom in view of the enormous strain and drain of a rebellion and two campaigns here—was a surrender to the intense feeling in favour of “helping the old country” in the great battlefield, and it was assented to only after thousands of the best had lost patience and gone “on their own.” It is estimated that nearly 70,000 men were under arms to deal with the Rebellion, and the German South West campaign. 24,000 are in British East Africa now and 11,000 have gone with the oversea contingent. 7,500 more have gone at their own expense and joined Kitchener’s Army; over 600 have been passed in for Commissions in the Imperial Service by the General Officer Commanding in Cape Town. It would serve no good purpose now to say what were the proportions of Dutch and English speaking. Recognition in all its forms has gone to the former;

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and it is right and wise that it should be so. But that is not encouragement to the latter. And if reticence is forced upon the leaders by their own judgment, all honour to the "boys," who are neither detached observers nor responsible statesmen, that so little has been heard of what they think. The Overseas contingent, who had every reason to expect that they would be treated in regard to pay and allowances, etc., on the same terms as they themselves and their comrades were treated in the Rebellion, and in the G.S.W. and B.E.A. campaigns, were asked to sign on, alone among the Dominions' contingents, at Imperial rates for regular soldiers. They did so. The implied promise to put this right has not been kept, and the South African contingent to-day, in Europe or in Egypt, draw "regular" pay, while their comrades here and from other Dominions are on the far more liberal "Dominion Scales." The position of the Government and of the various parties was clearly brought out in the debate which took place immediately on the reassembling of the House in the middle of February on a motion introduced by a Labour member, recommending the raising of the pay of the Overseas contingent to the ordinary Union scale now in force.

The raising of the contingents' pay was a matter upon which the entire English-speaking section had insisted at the elections. Reference was made in the March number of *THE ROUND TABLE* to the previous debate on this subject in the earlier part of the session in December. On that occasion General Smuts having endeavoured, without success, to stave the question off, was pressed hard by the Unionist leader, and finally refused point-blank, adding: "You have no right to press us when you know the position. I assure you, we are standing on the brink of a volcano, and you know it." During the two months' recess a strong agitation on the subject was carried on in the urban centres among the English-speaking people. This agitation was not officially countenanced by the Unionist Party. The action of a Labour member from Natal, however, whose

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constituents insistently demanded justice for the "boys" oversea and their dependants, forced on the crisis which the Unionist leaders were anxious to avoid. The Prime Minister, speaking with great feeling and gravity, made the statement that if the motion were pressed, it was certain that the resulting division would be strictly racial; that while he personally was in favour of the proposal, he was unable to carry it at present without consequences too serious to be faced; that he would therefore be compelled to oppose it; that it would be defeated, but at the cost of ranging Dutch and English on opposing sides; and that if such a division on racial lines were forced upon him, he would resign office. The Unionists, faced with this, had to accept the previous question and withdraw.

Situations, however, as delicate as this, and the subordination of constituents' and party's interests, and even of highly prized principles, to tactics in Parliament, and for purposes which cannot possibly be explained at the time, put too great a strain on the man in the street. The strongest feeling was aroused among English-speaking people, and hot resentment was expressed by Unionist members. This is the more easily understood because General Botha's declaration, couched for the most part in guarded language, contained only one thing which was demonstrably clear to the average man—the threat of resignation. It was impossible for him to state in bald terms that he refused to accept a victory over his English-speaking Allies by aid of the Nationalist vote, which would only too surely have been with him in such a question.

As a matter of fact the final result, or rather, the escape from any final decision, was a triumph for the Loyalist Allies. The Nationalists had seen the chance that offered, and were bent on showing that they could and would save the Government from its perfidious and grasping allies, the Unionists, if the Government stood firm "in the defence of the interests of the people." There was no concealment of their anger and chagrin when the plan failed.

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This is but one example of what is continually happening. With remorseless pertinacity, the Nationalists endeavour by every means to drive a wedge between the two loyal parties. Language and racial issues are raised or dragged in. On the Railway Management Bill, for instance, a whole day was spent in discussing the shortage of separate carriages for natives and coloured people, merely for the purpose of persuading the Boer electorate that General Botha, under dictation from his English allies, was deliberately putting his people on the level of the Kaffirs, by compelling them to travel together. It matters little that there is no foundation for this in fact : the purpose is served. The Enemy Trading Bill, which has been introduced at the suggestion of the Imperial Government and follows closely the lines of the Imperial legislation, is represented as designed to ruin the Boer by crushing his best friend, the German country trader. Irrigation and other relief works for the drought stricken areas are demanded, and when the question of cost is raised, there comes the indignant rejoinder that if money had not been wasted upon the war and upon a wicked and vengeful campaign against people who were driven and engineered into rebellion, there would have been ample funds for the poor starving Dutch. The usual Act of Indemnity for things done in good faith by the Government officers and forces during the rebellion was opposed on the astounding ground that it was onesided, as indemnity was asked for the Government forces only, and not for the rebels. A demand was made that public funds should be granted on loan to the rebels, to enable them to satisfy the judgments given against them and discharge the liabilities admitted by them, for robbery and violence ; and the refusal of the Government to introduce legislation depriving the victims of their right to recover by civil action was represented as persecution of the Dutch.

The position here revealed—with the chance that co-operation may collapse at any moment, and out of any incident—naturally provokes the question : “ Why not a

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coalition between the two parties ? ” It is difficult to see any other solution eventually. The two Dutch parties have travelled too far on different roads to be able to go back to the parting of the ways ; it is certainly not possible for General Botha or General Smuts to do this—nor would they be welcomed or trusted if they tried it. Yet the Government party is not strong enough to stand alone. At the moment there is only one party with whom they could hope to work. But the difficulties of such a coalition are obvious, and were dealt with in the last number of **THE ROUND TABLE**. For the present, we may leave prophecy and speculation alone, and reflect upon the wisdom of Delarey and Hofmeyr—who knew their people.

South Africa. April, 1916.

NEW ZEALAND

I. NEW ZEALAND AND THE WAR

MANY extravagantly kind things have been said in Great Britain about the part that the Dominions have played in the war. These extravagances have commonly proceeded upon the assumption that we have lent the Old Country a hand in a quarrel which was none of our seeking or concern, and in which we have no legal obligation to interfere, and no appreciable moral obligation. All that we have done, therefore, is credited with gratitude as something outside the contract, a work of supererogation which must all be accounted to us for righteousness. From the standpoint of the Dominions this touching gratitude is almost entirely undeserved. If there is to be any balancing of merits and services, they would at least like to point out that "the reciprocity has not all been on one side"; that no nations or communities ever owed more to another than the Dominions owe to the Mother Country for the unsought, unconditional, ungrudged protection which they have enjoyed from her while they have been growing to maturity; that the Dominions owe practically everything to Britain and her Navy and have been giving practically nothing in return. It surely would have been surprising if by way of recompense for this incalculable service the Dominions had been willing to stand by and see their protector and benefactor struck down for want of a helping hand.

Yet though this irresistible incitement to gratitude

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would have counted for much, and the unreasoning sentiment of kinship for a good deal more, the instinct of self-preservation must alone have sufficed to bring the Dominions into the firing line. As Mr. J. C. Watson, ex-Premier of the Commonwealth, told the Empire Parliamentary Association in May last, we feel that this is our war. In the words of our own Prime Minister, Mr. Massey, we feel that all we have and are is staked upon the issue. We have come into the fray not merely to help the head of the house in his hour of need but to fight for our own existence.

So far at any rate as New Zealand is concerned this has been the general attitude; and the result is that from the outset the only objection taken to the action of the Government, except on points of detail, has been that it had not gone far enough, that it has failed to give us a lead commensurate with our desires and aspirations and our plain obligations to the Imperial partnership to which we admittedly owe practically everything. Criticism of this kind was frequent during the first year of the war, and even for a little while longer, but it is only fair both to the Government and its critics to say that nothing has been heard of it lately. Mr. Massey was able to tell the meeting held in the Wellington Town Hall on Declaration Day that, inclusive of the recruits then in camp, the number of men raised by the Dominion exceeded that of the British troops at Waterloo. At that time we had despatched 28,000 men to the front and drafts of 1,800 were required every two months by way of reinforcements. The Minister of Defence had been at much pains to convince his critics that the maintenance of these reinforcements at full strength and with perfect regularity was of far greater importance than the provision of new units. But there was nothing necessarily incompatible in the two ideals, and among the first-fruits of the National Cabinet was the decision to provide two additional battalions. The decision was, indeed,

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announced simultaneously with the agreement that made the National Cabinet, the double announcement being most happily timed for Declaration Day.

The heavy casualties in Gallipoli during this month (August) had resulted in an acceleration of the despatch of reinforcements, involving in the case of the first drafts affected—the 8th and 9th—an abbreviation of their periods of training in New Zealand from eighteen weeks to twelve and thirteen weeks respectively. Subsequent reinforcements were to go through their full course of eighteen weeks' training, but their departure was to be accelerated by six weeks. In reply to his critics Mr. Allen had stated more than once that he had asked the Imperial authorities to suggest anything else that New Zealand could do, but that nothing had come of it. This reluctance to make suggestions disappeared, however, under the stress of the terrible losses at the Dardanelles, and the Army Council telegraphed to our Government as follows :

Ian Hamilton and General Birdwood have considered the question of reinforcements likely to be required in 1916 to replace wastage, and we recommend following monthly in advance:—Infantry, mounted rifles, artillery (gunners only), engineers, 20 per cent. of units, 7 per cent. remainder. This is calculated to meet normal requirements only. To ensure that exceptional demands are supplied without drawing on partially-trained men, it would be necessary to keep a further reserve of 10 per cent. to meet special emergencies. Had it not been for the generous offer of the New Zealand Government to consider the question, we should have hesitated to put forward a request for so large an increase. We shall be extremely grateful for whatever the New Zealand Government is in a position to do towards meeting our requirements.

After reading this message in the House of Representatives on October 12, Mr. Allen said that the Government had decided to ask the country to provide for the increase in the rate of reinforcements proposed by the Army Council *; and neither in Parliament nor outside

* The 10 per cent. reserve has since been provided.

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of it has there been a dissentient voice. The result of this addition to our previous commitments is that our reinforcements, which had hitherto been at the rate of 1,800 every two months, must now reach 2,500 a month. If we succeed in carrying out this contract, we shall in three years have provided 100,000 men, representing the 10 per cent. of population which according to some good authorities is the maximum that it is practicable for any nation to put into the field. By committing us to this great responsibility Mr. Allen has at least made peace with his critics. Never since the announcement was made have Ministers been accused of failing to give the people a good lead. Our fear, as one of the critics has said, has rather been lest we should be unable to keep up with them.

II. NATIONAL REGISTRATION

IN order to facilitate the discharge of an obviously severe task the Government decided to reduce the minimum height from 5 ft. 4 in. to 5 ft. 2 in., and to increase the maximum age from forty years to forty-five. In this way it was hoped to raise the necessary quota from month to month without resorting to compulsion and without interfering with those industries which are directly concerned with supplying military needs. The National Registration Act was expected to help the Government both in raising the men and in exercising the necessary discrimination. This Act, which was passed last year and put into force in November, provided for the taking of a register of all males between the ages of seventeen and sixty, and for the submission to those between nineteen and forty-five years of questions, which in the first form given to those by the Governor's Proclamation, were as follows :

- (a) Have you volunteered for military service beyond New Zealand

National Registration

as a member of an expeditionary force in connection with the present war? If so, have you been accepted for service or rejected?

(b) If you have *not* volunteered for service—(1) Are you (being a single man without dependents) willing to become a member of an expeditionary force? (2) Are you (being a single man with dependents, or a married man or a widower with dependents) willing to become a member of an expeditionary force if required? If so, in what arm of the service do you prefer to serve?

(c) If you have not volunteered for military service and are not prepared to volunteer, are you willing to serve in any civil capacity in connection with the present war? If so, state in what capacity.

(d) If there are any circumstances or reasons that prevent you from offering your services, state them.

The measure had had an easy passage. The only objections had come from the extreme Labour standpoint, but, fortunately, they were concerned more with what the Bill did not contain than with what it did. The conscription of manhood without the conscription of wealth is a policy to which the United Federation of Labour takes strong exception. It, therefore, protested against a measure which contained no provision for the conscription of wealth and was supposed to portend the conscription of manhood. But the elimination of a clause which proposed to enable the Government to require any men of military age to submit to a medical examination removed the most plausible ground of this apprehension. The opponents of conscription wisely decided to reserve their opposition until the issue was directly raised. The taking of the register in November excited even less controversy than the passing of the Bill, and the result provisionally declared was to show that the total number of men between the ages of nineteen and forty-five who were willing to become members of an Expeditionary Force was about 110,000 made up as follows:

Single men and widowers without dependents	.	.	33,127
Single men, with dependents	.	.	16,321
Widowers with dependents	.	.	947
Married men with wife only	.	.	9,944
Married men with wife and other dependents	.	.	50,344

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Other results of the census showed the following :

Men not prepared to volunteer for Expeditionary Forces, but willing to serve in a civil capacity	43,524
Not prepared to volunteer for Expeditionary Forces nor to serve in civil capacity	34,386
Volunteered for Expeditionary Forces, but rejected	9,042
British subjects incapacitated for military service	3,963
Foreign subjects	3,206
Returned troopers	288

Included in the 34,386 who were unwilling to serve in any capacity were 8,390 single men and widowers without dependents. The analysis of their reasons, which has since been published, is worth inserting here to complete the record :

Religious or conscientious objectors	819
For business reasons	2,237
Personal reasons	3,131
Political reasons	260
Miscellaneous reasons	204
No reasons stated	1,739
Total	8,390

Among the 3,131 whose reasons are described as personal the eleven who declared themselves "afraid" are, at least, entitled to credit for their candour.

Mr. Massey at once hailed the general result as "very satisfactory and creditable," and one of his colleagues called it "the best thing the Dominion has done yet." Though the 34,000 free men who would do nothing were a stumbling-block to many, the general feeling was one of intense satisfaction that 110,000 men had expressed their willingness to serve in an Expeditionary Force. But Mr. Allen, with his usual caution, deprecated undue elation, pointing out that signing a census paper was not enlisting and that there must be no slackening in recruiting efforts. A point to which insufficient attention had been previously directed was the difference between the two

National Registration

questions submitted—a difference which was created not by the Act itself but by the Proclamation bringing it into operation. Single men and widowers without dependents were merely asked to say whether they were willing to serve ; but for married men and others with dependents the question was qualified by the addition of the words “if required.” When the register was complete, Mr. Allen was asked to say what effect the Government proposed to give to the distinction, but he could only say that the Government had no compulsory power, and that the matter was one for each man’s conscience. It is, however, clear that there was at the back of the mind of the official catechist the same distinction which inspired Mr. Asquith’s pledge to the married men. The married men themselves were certainly justified in assuming that in some way or other the call was to come to the single men first. Some of them, with less justification, interpreted “if required” to mean “if summoned by a compulsory call.” For these and other reasons Mr. Allen’s warning as to the difference between filling in a registration card and enlisting was well founded.

The three months that have passed since the completion of the register have indeed shown that it is far from having settled the problem. No considerable proportion of the 33,127 who declared that unconditional readiness to serve have translated their words into action. An overwhelming majority of the 77,556 who are ready to serve “if required” have not yet discovered that they are required. There has been no notable acceleration in the pace of recruiting. On the contrary, uneasiness was first felt on the subject in the very month when the results of the registration were announced. The anticipation of those results and the approach of the Christmas holidays had combined to check the flow of recruits. But with the New Year the pace quickened again, and on January 24 Mr. Allen was able to make a reassuring announcement. “We are right up to date,” he said. “We have the men we

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require for the 12th Reinforcements, and the 13th are well in hand. We shall hand over to the new Recruiting Board with all our obligations fulfilled."

III. THE APPROACH OF CONSCRIPTION

THE new Recruiting Board, which consists of Mr. Massey (Prime Minister), Sir Joseph Ward (Minister of Finance) and Mr. Allen (Minister of Defence), has come into existence just at the right time. The strain of recruiting is going to be much more severe during 1916 than it has ever been before, and more strenuous and better organized efforts will be needed to meet it. The first work of the Recruiting Board was to issue a circular to members of Parliament, Mayors, Chairmen of County Councils and the like, inviting them to co-operate in the organization of their respective districts for the purpose of pushing recruiting with vigour. The response has been almost uniformly favourable, but whether it will prove effective is still uncertain. There is a widespread feeling that those who have resisted the call which has become increasingly urgent during the last four or five months will not be easily reached by any platform eloquence or personal solicitation that the local committees will be able to organize. In a very few cases this feeling has been strong enough to induce the local bodies to return an unfavourable answer to the circular of the Recruiting Board. This dissentient minority has refused to take a hand in the proposed campaign on the ground that the time has come for a compulsory measure, and that nothing less will meet the case. The growing faith in conscription is indicated in the replies of a larger number which is, nevertheless, willing to join in a final rally on behalf of the voluntary system. The reply of the Taihape Borough Council is, except in its excessive candour, fairly typical of this point of view:

The Approach of Conscription

This Council sympathises with the Recruiting Board's efforts to give voluntaryism a fair trial, and offers to do what it can to carry out any suggestion made having for its object the continuance of voluntary recruiting till the system is proved to be inadequate.

It must be acknowledged that this resolution breathes no very robust faith in the voluntary system, and the faith of many who are still prepared to do what they can to make it a success is no stronger. The value of the more than 80 per cent. of entirely favourable replies which the Recruiting Board has received is therefore subject to a heavy discount. A faith which expects to be ineffective is apt to realize its expectation; and it is to this pass that the popular faith in the voluntary system has been lately trending. After a little more than eighteen months of war we have 50,000 men, representing five per cent. of our population, under arms. It is beyond hope that we can ever raise another five per cent. by the same methods. The further the voluntary system is carried, and the nearer it approaches to the ultimate residuum which no moral suasion will ever move, the more conspicuously do the weak points of the system—its injustice, its uncertainty, its waste of power, its ineffectiveness—stand out. It may indeed seem strange that a democracy which under the relatively remote apprehensions of the German peril aroused by the debate on the Navy Estimates of 1909 accepted the principle of compulsory training almost at sight should after eighteen months of actual war be still hesitating about compulsory service. The explanation is that for more than a year the popular enthusiasm and the comparatively small scale of our obligations kept compulsion almost entirely out of mind. Now that our obligations are more arduous and the keenest and most adventurous of our young men have already gone in thousands to the front, the problem has for the first time become difficult. When it has proved impossible of solution on the present lines, neither Government nor people will shrink from a compulsory solution. But the same feeling demands that in order to silence opposition the

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proof of the inadequacy of the present system must be complete, and it is for that reason that the Recruiting Board commands the support even of the believers in compulsion just as Lord Derby's campaign did in England. The remark that the three biggest shirkers in the country are the three members of the Recruiting Board has great merits as an epigram, but the merits of an epigram and an affidavit are not the same. Our three leading men will indeed be the three biggest shirkers in the country if they shirk the introduction of compulsory service when the time arrives, but there is no reason to suppose that they will. In the opinion of an overwhelming majority of the people of this country the time will have arrived when Parliament meets in June if the great effort now being organized by the Board is not then producing the necessary results. But in the absence of such an effort the experiment of compulsion would be attended with unnecessary risk since it would lack the support of a fully convinced public opinion.

In its general attitude to the war it cannot be said that public opinion has undergone any weakening. In spite of Lord Kitchener's initial warning few of us realized a year ago that the duration of the war would have to be reckoned not in months but in years. We are less sanguine now, but not less determined. The longer the war lasts, the stronger is its testimony to the power of Germany, and therefore to the danger of an inconclusive victory and a patched-up peace. Even those occasional displays of peace sentiment which serve in the House of Commons to buoy up the hopes of Germany have no analogue here. A peace which is no peace is universally felt to have special perils for us. To talk of peace under existing conditions is clearly recognized as an excellent way of prolonging the war. New Zealand's opinion on the latest effort of the peacemakers in the House of Commons—the debate opened by Mr. Snowden on February 24—was well summed up in the remark of Commander Bellairs, M.P., that

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"speeches tending to hearten the enemy come perilously near to treason." The redeeming feature of the debate from our point of view was that it elicited from Mr. Asquith a repetition of his twice previously repeated declaration of the terms on which alone Britain would sheathe the sword. Give us the complete restoration of Belgium, the adequate security of France against the menace of aggression, the placing of the rights of the small nations upon an unassailable foundation and the total and final destruction of the military domination of Prussia, and we shall be satisfied ; but we shall be satisfied with nothing less. Mr. Massey has renewed with emphasis his previous endorsement of Mr. Asquith's declaration on New Zealand's behalf, and the press has been unfaltering in its approval. A single press opinion may be worth quoting :—

As to the terms of peace (says the *Evening Post*) the Empire is thankful and proud to see that the British Prime Minister has learnt nothing and forgotten nothing since the memorable declaration which he made at the Guildhall just three months after the declaration of war. . . . These were Britain's terms of peace on November 9, 1914. Mr. Asquith repeated the declaration a year later, and he has again repeated it now. It has needed no revision, nor will it need any. Though it may be necessary to repeat the declaration not only in next November but in several more the British Government may rely upon the Empire to stand by it to the end.

This is what we all feel, and the feeling is of much deeper significance now than when Mr. Asquith first made his declaration. Few of us then expected that another November would find the Empire still at war. We are less confident now in our revision of Lord Kitchener's estimate, but a clearer recognition of the magnitude of the task has brought no weakening of the national purpose. New Zealand would bitterly resent any suggestion that the Empire should sheathe the sword until it has made good for Belgium, France, and the Empire itself, for liberty and for civilization, the resolute words of the British Prime Minister.

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IV. ECONOMIC PROSPERITY

FOR the non-combatant in New Zealand it is indeed a comparatively easy matter to be resolute. We have, of course, been thrilled by the gallantry which has made the name of Anzac immortal, and the heavy toll of casualties—the official total to March 13 is 8,247, including 2,618 deaths—has necessarily impressed a population of a million with a deep sense of the realities of war. But apart from the loss of relatives and friends the non-combatant has probably suffered less in New Zealand than in any part of the Empire. We have shared, it is true, in the increase in the cost of living which has affected the whole world, and it has borne hardly on the wage-earner in the towns and others dependent upon small fixed incomes. But the latest official estimate of this increase is 15·8 per cent., which represents little more than a third of the rise in Great Britain, and the wage-earner has had some compensation in the grant of higher wages by the Awards of the Arbitration Court or by the free action of the employers. New Zealand has also suffered some slackening of enterprise from the high price and scarcity of certain imports, the apprehensions of capital regarding the future, and the shortage of shipping. In the main, however, our already abundant prosperity has been enhanced by the calamities of Europe. The high prices which have ruled in London and Paris since the beginning of the war have been a boon to a country whose prosperity is mainly dependent upon the prices it can command for its wool, meat, and dairy produce. Our wool has attained “record” prices which might perhaps have continued to soar but for the recent difficulties in getting it shipped and for the veto on export beyond the Empire, which has excluded the competition of American buyers. The entire meat supply of the country available for exportation has been wisely secured for the Imperial Government under an arrangement which is satisfactory for both parties, and has yielded £7,326,841 to our producers during the first year of its operation. A large order for cheese was also placed by

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the Imperial Government. Both absolutely and in comparison with those of previous years the export figures of 1915 tell a remarkable story. In 1913, the last complete calendar year before the war, the value of our exports was £22,986,722, which was the highest total yet recorded; in 1914 it had risen to £26,261,447, an advance of 14½ per cent.; in 1915 a further advance of 20·9 per cent. brought the total up to £31,748,912, equivalent approximately to £27 6s. 5d. per head of population, which our Government Statistician declares to be "by far the highest export trade per head in the world." This enormous advance is almost entirely due to the increase in the prices of our pastoral products which has been caused by the war. As compared with 1914, wool, which is the leading export, actually shows a falling off in quantity, and so do butter and cheese; meat alone showing a considerable increase. Most of the increase in value is, as the authority just quoted says, "practically a bounty on exports, owing to the higher prices ruling"—a bounty which even on the already high prices of 1914 amounted to £4,110,493. The balance of trade also makes a remarkable showing. The highest previous excess of exports over imports was £5,128,626 in 1910; but in 1915 it was £10,020,078, to which the slight decrease of imports from £21,856,096 to £21,728,834 contributed a trifle less than 8 per cent. A favourable balance of trade representing practically a third of the total exports is a contribution to the prosperity of New Zealand which she owes almost entirely to the war.

A country which is thus profiting by the misfortunes of others cannot claim any special credit for its freedom from the bias in favour of a change which misfortune normally supplies. Whatever economic bias New Zealand may have regarding the war should dispose her in favour of its continuance. Though this influence is, as a matter of fact, negligible, it cannot be said that the country is affected with any serious searchings of heart on account of the profits which it draws from the necessities of Britain and France. The consciences of some of the individuals

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pecially concerned in the process have been more sensitive. Many runholders and sheepfarmers have subscribed with great liberality to the patriotic funds from war profits, on which they felt that the country had some equitable claim. A few have carried the notion of a trust so far as to repudiate these profits as "blood money," and consecrate them entirely to patriotic purposes. The runholder and the squatter are usually supposed to stand at the opposite pole to the socialist, but it is a very noble and an eminently practical socialism that some of these men have been displaying, and it is impossible to suppose that the experience will have spent its force with the return of peace. The majority, however, of the men to whom these huge war bonuses have come have treated them as any other class would have treated them—"Is it not lawful for me to do what I will with mine own?" they have asked, and they have allowed no consideration of equity to temper the rigour of their legal claim. There is nothing surprising about this attitude, which has as much of human nature in it as the other. There is, however, matter for surprise in the inaction of a National Government which sits by with folded hands and refuses to annex or even to tax except through the ordinary methods so obvious and abundant a source of revenue. The revolutionary socialists who control the Federation of Labour have indulged in a good deal of "skimble-skamble stuff" about the conscription of wealth by way of retort to the demand for the conscription of men. But when they point to the deficiencies of our war-pensions scheme on the one hand and to the huge bonus of at least £5,000,000 that the war has brought to our producers on the other, their arguments are not easily answered. The conscription of wealth is a matter for the Socialist millennium which is not to be brought in by "the scruff of the neck" as a sort of *tu quoque* to the demand for a measure of immediate military necessity. But the conscription of war profits which are definitely earmarked as such seems to be an obvious requirement of justice, economy, and common sense.

A Plea for Economy

V. A PLEA FOR ECONOMY

THERE is, however, no indication that the Government intends to take this course. The principle that those who have been making large profits through the war should be specially taxed, and the fact that large profits had been thus derived from the sale of wool, meat, and dairy produce were too obvious to be ignored in last year's Budget. But the recognition proved to be merely the prelude to the lame conclusion that the income tax should be made applicable to income derived from land. The estimated yield of this taxation was originally £250,000, representing less than 5 per cent. of the proved war profits of our producers, and it was afterwards reduced. The yield at the rate adopted by the House of Commons would have been £2,500,000, or half a million more than the whole of the war taxation imposed last session. The country gave Sir Joseph Ward credit for the frankness with which he then fixed the position and provided for an additional £2,000,000 of revenue. But the steady growth of the expenditure, the indefinite duration of the war and the heroic example of Great Britain have prepared the public mind for stronger measures. Ministers have said little about the matter, but they are being strenuously urged by two at least of our most influential newspapers—the *Lyttelton Times* (Christchurch) and the *Evening Post* (Wellington) to take a strong line. Both emphasize the need for a campaign of public and private economy, for a policy of financial self-reliance during the war, and for a drastic increase of war taxation. The *Lyttelton Times* argues very powerfully that New Zealand can well afford to pay for her share of the war without "sponging" on the Imperial Government for losses to the amount of £8,000,000 a year; that we are not paying for the war by borrowing in this way to repay in forty years; and that when Britain, to whose protection we owe everything, is spending at the rate of £5,000,000 a day we should refrain from the slightest unnecessary addition to the

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load. A war loan and extra taxation would enforce economy which is at present non-existent. People are spending as much as ever in luxuries, theatres, picture-shows, drink, and the like—and the only way to put this money to good use is to call for a war loan with provision for the small investor on the British model. The *Evening Post* takes much the same line. It declares that "the idea of individual economy for the purposes of the war has hardly reached this country except through the cable"; asks "how many of our patriots have been induced by their patriotism to reduce their consumption to the extent of a gallon of petrol or a pint of beer?" and suggests that the Government should appoint a new Recruiting Board to conduct a campaign of economy which will answer the oft-repeated question of the patriotic non-combatant how best he can help to win the war.

A single example of the kind of extravagant expenditure to which these newspapers refer must suffice. The investments on the totalizator amounted during the first year of the war to £4,450,331, representing £4 9s. per head of population—an increase of more than a quarter million on the figures of the last year of peace, and of nearly a million on those of 1912-3. The war has revealed a wonderful degree of patriotism in our fighting men and also in the non-combatants, but it must be confessed that this huge increase during the war of an entirely unproductive and generally undesirable expenditure provides a commentary on our patriotism which is also something to wonder at. There is certainly ample room for a campaign of patriotic economy.

New Zealand. March, 1916.

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